A STUDY ON CONSUMER PREFERENCE FOR BRANDED PROCESSED CEREAL FOOD PRODUCTS IN BANGALORE, KARNATAKA

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CERTIFICATE

This is to certify that thesis entitled **"A STUDY ON CONSUMER PREFERENCE FOR BRANDED PROCESSED CEREAL FOOD PRODUCTS IN BANGALORE, KARNATAKA"** submitted by **Mr. VINOD LOBO** in partial fulfilment of the requirement for the degree of **MASTER OF SCIENCE (AGRICULTURE)** in **AGRICULTURAL MARKETING AND COOPERATION** to the University of Agricultural Sciences, Bangalore, is a record of *bonafide* research work done by him during the period of his study in this University, under my guidance and supervision and that no part of the thesis has previously formed the basis for the award of any degree, diploma, associateship, fellowship or other similar titles.

Bangalore
July 2007

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ABSTRACT

There is no concept as vital, as of the moment in the world of marketing as Branding. The branded processed food industry in India is a sunrise sector that has gained prominence in recent years. The branded food sector is among the few that serves as a vital link between the agriculture and industrial segments of the economy. Strengthening this link is very important to improve the value of agricultural produce and to ensure remunerative prices to farmers. In this regard, the study on consumer preference for branded processed cereal food products in Bangalore was taken up with 170 sample respondents.

The average family size was 4 with one to two children. All the respondents were found literates. It was evident that as the income increased the amount spent on food also increased. All households were consuming wheat flour and about 78.23 percent and 61.17 percent were consuming noodles and Cornflakes respectively. There was a continuous decrease in quantity consumed of wheat flour as the income increased and vice versa in case of noodles and cornflakes. Advertisement is the major source of product information. In majority of the households housewives make buying decision.

The factors contributing for purchase of branded cereal food products were mainly quality standards, attractive brand image developed by companies, Health consciousness and price of the product. Aashirvaad in wheat flour, Maggie in noodles and Kellogg's in cornflakes were the market leaders with highest brand loyalty. A small degree of switching brand is also seen which is mainly because of quality, advertisement, and taste.

ITC runs its promos in both trade and consumer level. It has a huge distribution chain and a strong customer complaint readdressing team which works very effectively.

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Chapter I
INTRODUCTION

There is no concept as vital, as often discussed, as often mentioned, as of the moment in the world of marketing and advertising today, as Branding. Everyone uses the word branding in every conversation and there are countless self-proclaimed experts on the subject. The executives want it, account managers plan it, and the advertisers promote it. But the fact is, very few people actually know what the word Branding really means in this context.

Brand, brand name, brand equity are forces or terms that effect a business. In this competitive modern age, where different qualities and types of goods exist, branding is of special importance in the business world. Branding not only gives a separate identity and an easy recognition to the product but also creates special brand preference. Branding is a powerful instrument for demand creation and retention. In the earlier days people used to buy any brand available in the market due to fewer choices. But now they make enquiries about the best available brand and have realized that the product-quality matters the most. Product features can be easily copied and hence brands are considered as a marketer's tool for creating product differentiation.

People buy product attributes rather than product per se, but buying decision, has a lot to do with what they know about the brand. Products are what the company place in a market for sale, but the consumer actually perceives it as a brand. Brands facilitation makes consumer choice process easy and effective. Branding not only assures quality of the product, but also provides legal protection to the consumer and creates an identity to the manufacturer in the consumers mind.

Origin of Brands

Branding is an age old process which was first employed by the brick makers in Egyptian civilizations. They placed symbols on the bricks as a form of identification. Trade guilds, in medieval Europe, used trade marks on their products in order to guarantee consistent quality to consumers and to provide the producer with an exclusive legal protection in the market.

Brands in the field of marketing originated in the 19th century with the advent of packaged goods. Industrialization moved the production of many household items such as soaps, from local communities to centralized factories. When shipping their items, the factories would literally brand their logo or insignia on the barrels used, which is where the term originated. These factories generating mass-produced goods, needed to sell their products to a wider market with a customer base, familiar only with local goods. It quickly became apparent that a generic package of soap had difficulty in competing with familiar local products. Campbell soup, Coca-Cola, Juicy Fruit gum, Aunt Jemima, and Quaker Oats were among the first products to be branded in an effort to increase the consumer's familiarity with their products (James, 2003, Best of Branding).

Around 1900, James Walter Thompson (Staff Report October 18, 1928, New York Times) published a house advertisement explaining trademark advertising. Companies soon adopted slogans, mascots, and jingles which began to appear on radio and early television. From there, manufacturers quickly learned to associate other kinds of brand values, such as youthfulness, fun or luxury, with their products. This began the practice we now know as branding, where it is felt that consumers buy the brand instead of the product. This trend continued to the 1980s, which have been described as "brand equity mania".

Global Processed Food Market

Understanding the performance and dynamics of global food markets is now much more than just the fundamentals of international trade. At $3.2 trillion, processed food sales are a major component of global food markets and account for about three-fourths of the total world food sales (IBEF Review, 2004). Understanding the competitive nature of the global food industry means analyzing changing consumer preferences and the food industry's efforts to meet these demands. The task of moving food from the farm to the table is becoming challenging and most complex, involving diverse, local, national and global agents and networks. Food markets are constantly evolving, driven not only by changes in consumer preferences, but also in technology, linkages between members of the food supply chain, and prevailing policies and business environments.

The reorientation of global food markets has prompted food manufacturers to adopt more focused growth strategies to maintain leadership positions in specific sectors. Food manufacturers compete in the retail sector by marketing and promoting their products. It is common for private firms to own trademarks, brands, formulae, and processing technologies associated with manufacturing.

Modern technology, such as point-of-sale scanners provides retailers with first-hand information regarding consumer food preferences, positioning retailers to interpret and transmit changing consumer demands. The ongoing evolution of the global food industry is driven by changes in consumer preferences and the food industry's response to those changes at the local, national, and global levels. Market trends revealed in food retail sales data, pose questions regarding the long-term impact of these changes on consumers, small businesses and the relationship between food exports and foreign direct investment.

Food Processing in India

In India agricultural sector has achieved remarkable success over the last three and a half decades. Besides being one of the world's largest producers of food-grains, India ranks first in the world in production of cereals.

The food processing industry in India is a sunrise sector that has gained prominence in recent years. India ranks 5th in terms of production, consumption and export of processed food products and it provides employment to 1.6 million workers which constitutes 19 percent of total industrial labour force (FICCI, Food and Beverages Survey, 2006). The food processing industries has a challenging task of improving value addition for exports in one hand and preventing post harvest losses of agricultural commodities on the other. Modern life style also demands good nutrition and convenience food.

The Ministry of Food Processing Industries, Government of India, has estimated the size of the Indian food market at US$ 191 billion (Rs 8,600 billion). The processed food market is projected to be over US$ 100 billion, of which the primarily processed food market accounts for 60 percent, while the value-added processed food market is around 40 percent.

As a result of the liberalization process, which started in early 1990's, India was a major competitor in the global food market. In India, there exists a tough competition among the food manufacturers, which is growing day by day. The Indian food industry is also subject to tremendous changes with the opening up of the domestic market to imports and development of local assembly by leading multinational corporations. To meet the challenges food manufacturers will have to strive to cut costs, improve quality and enhance market orientation. Also,

the products should be processed according to the tastes and preferences of the consumers to get their acceptance. In addition to this, the price, quality and the nature of packing must also be appealing to the consumers to create a high level of consumer loyalty. Today branded processed food products occupy a legitimate shelf-space in stores and supermarkets in India. High quality food choice, provided by competing companies through branded processed food products have greatly changed the life style of people.

Scope for Processed food products in India

Food industry is one of the fastest growing industries in the country. It has experienced fast transformation towards the end of the century, which led to the complete revolution in the Indian food industry sector. The Indian food processing industry holds tremendous potential to grow, considering the still nascent levels of processing at present. Though India's agricultural production base is reasonably strong, wastage of agricultural produce is sizeable. Value addition to agriculture produce in India is just 20 percent and wastage is estimated to be valued at around US$ 13 billion (Ministry of Food Processing Industries, Government of India).

The food processing industry can not only meet the growing demand of processed food in local market, but also has better prospects for export. India's middle class segment will hold the key to success of the processed food market in India. Of the country's total population of over one billion, the middle class segment account for about 350-370 million. It is important to note that the household consumers market is rapidly changing in terms of taste and preferences. This increased the need for processed products and desire for a more diversified diet throughout the year, which is due to expanding urbanization, increasing population, literacy level and increasing trend in the foreign travels. In

addition, other changes like increase in size of household, family income and the standard of living, change in food habits and increasing health consciousness etc., have also brought in the attitudinal changes among the consumers. The modern men and women who are hard pressed for time have to yield themselves to the fast changing lifestyles with respect to cooking and food habits. On the ever changing socio-domestic scenario, both men and women have to necessarily go for employment to augment the household income and other needs. With changes in eating habits and the increased affordability of the middle income group of Indian population, the market for branded foods is growing at a healthy rate of 20 percent per annum. This is conducive to an expansion in demand for branded processed food products.

In view of the tremendous growth potential of this segment, many MNCs as well as domestic players have made an aggressive entry into the sector in recent years, investing large amounts of money. Companies like Godrej, ITC, HLL and other major players like MTR, Priya Eastern, etc ... after achieving growth in the processed food segment are now reaching lower price points to make available the products at affordable prices to a larger segment of population, especially in rural areas. However, the segments which are dominated by the unorganized sector have the potential to grow faster in the years to come. For example, products like wheat flour are already poised for hectic competition between players like HLL, Godrej and ITC, because of changing lifestyles and preference for brands.

The branded processed food sector is witnessing large-scale transformation, huge advertisement spending, and focus on improving the distribution network to make strong presence in the Indian market. A good future awaits these products, because people, especially younger generations, aspire for branded food.

Brand Loyalty in Food Industry

Brand loyalty in branded processed food categories is a significant issue, with several brands resorting to price cuts across categories. More importantly, price cuts or sales promotion by themselves do not seem to have done much for brands in terms of sustaining brand loyalty. They might attract consumers in the short run but over a period of time, a brand's value may get diluted in consumers' psyche, and will eventually lose a strong base of consumers. Brand loyalty is just a notion of the consumer's mindset at a given time and is subject to change at any point. It is a function of changing income and existing other brands. This is very common in the taste of the consumer in reference to the food industry.

Impact of Advertisement and Product Mix

Advertisement, which is the crux of any market economy, plays a pivotal role in the economic progress of a company. Advertisement is the indispensable component of any sales promotion measures with its benefit spreading over a long period of time. Advertisement is the only direct method, which helps to reach the masses of potential buyers. Advertisement being dynamic, changes with the changing method of distribution and consumption.

In the present era of information explosion and media influence, these advertisements play a major role in changing the settled perception of thinking of consumer and the consumption pattern of the society, in general. Advertisements show the efficacy of the manufacturers, marketers and advertisers in matching the expectations of the consumers, which gradually bring about the desired attitudinal changes in them. An advertisement should aim to create faith and goodwill in the minds of the consumer about the product featured by confirming to the core principles of believability, uniqueness, reputation and reasonability.

In case of optimizing the product mix, the manufacturer who wants to know which are the best flavours to offer out of a range all possible flavors. It is simple to arrange a test where potential customers rate each of the flavors in terms of likelihood to buy and in terms of potential frequency of buying. In most cases the top scoring items on the buy scale will have a large overlap in terms of who they are appealing to. TURF analysis assists marketing managers in identifying the mix (sizes, flavors, colors, articles, etc.) that will attract the largest number of consumers with the fewest number of products or SKUs (Stock Keeping Units).

TURF analysis identifies a collection of attributes, elements or objects, which when taken collectively increases the total value of a product or service in terms of customer interests and benefits.

Need for Research

As an intense competition becomes way of doing business, it is the consumers who call the shot in deciding the nature of products and services offered in the market. The consumers are well informed, and as a result selective in their purchase decisions. In fact, the perception and the expectation of the consumers have undergone a sea change with the availability of services at the door step through state of the art technologies. Each consumer is unique and this uniqueness is reflected in the consumption pattern and also purchase-decision. The research provides the valuable results and guidelines to marketers on required technological developments.

Marketers can benefit from understanding the individual accounts behaviour over time. They can select marketing actions that fit their consumer's patterns, commitment and behaviour and can identify and use actions to influence those patterns. Insufficient understanding can

lead marketers into trouble. Therefore sound understanding of consumer preference for branded processed food products over time is the proper foundation for winning and retaining consumers.

The branded food sector is among the few that serves as a vital link between the agriculture and industrial segments of the economy. Strengthening this link is of critical importance to improve the value of agricultural produce, ensure remunerative prices to farmers and at the same time create favorable demand for Indian agricultural products in the world market. A thrust to the food processing sector implies significant development of the agriculture sector and ensures value addition to it.

This study provides valuable insight to the marketers on the level of brand preferences among consumers and its influence on the buying behaviour thus, enabling them to devise their marketing strategies based on the findings. The study also gives a clear picture about what the consumer is actually looking for in a branded product. In this regard, the study on consumer preference for branded processed cereal food products in Bangalore was taken up with the following objectives.

Objectives

1. To study the factors influencing consumption pattern of branded processed cereal food products in Bangalore
2. To study the brand loyalty and switching pattern for branded processed cereal food
3. To estimate the market share of various brands
4. To study product promotion and retail management strategies of processed cereal food products

Organization of the study:

The study has been organized into the following chapters to facilitate better understanding of the study and aid in its further application.

Introduction: It gives brief account of the concept of brand, its origin, world food market scenario, Indian food market scenario, its scope, brand loyalty in food products and store display.

Review of Literature: The related work of previous researchers has been documented in this chapter.

Methodology: This covers details of the study area, sampling designs, method of collection of data and statistical tools used in the study.

Results: Tables and graphs have been used to present the findings of the study.

Discussion: This chapter deals with the in-depth understanding of the results.

Summary and conclusion: This chapter presents the results in precise way and helps formulate policy implications.

References: This chapter provides list of references pertaining to related studies and the particular arena itself, used for the present study.

Review of Literature

Chapter II

REVIEW OF LITERATURE

In this chapter an attempt is made critically to review the work done by other researchers related to the topic of investigation. The studies regarding consumption pattern, consumer preference, brand loyalty and switching pattern have been reviewed and presented below by keeping objectives of the study in mind.

2.1 Consumption pattern of food products.
2.2 Brand loyalty and switching pattern.
2.3 Effect of advertising on purchase behavior.

2.1 Consumption pattern of food products

Dhuna and Mukesh (1984) conducted a study to determine the prevailing pattern of consumption of soft drinks. A sample of 150 respondents was surveyed regarding their consumption habits. Analysis revealed that 54 percent of consumption was in summer and 46 percent of the consumption was during other seasons put together. It was found that about 26 per cent of the respondents were regular consumers and the rest consumed soft drinks occasionally.

Balaji (1985) studied the fish consumption behaviour of 526 consumers in Vishakapatanam city. The study revealed that 77 percent of the respondents consumed fish for dinner and 20 per cent for lunch. 30 per cent of the respondents did not consume fish on festival days as those days were considered auspicious, while the rest have no such notions and consumed fish irrespectively of festivals.

Gluckman (1986) studied the factors influencing the consumption and the preference for wine. The explicit factors identified were the

familiarity with the brand name, the price of wine, quality or the mouth feel of the liquid, taste with regards to its sweetness or dryness and the suitability for all tastes. Some of the implicit factors identified through extensive questioning were colour and appearance. Most consumers seemed to prefer white wine to red. Packaging, appearance, colour, ornateness, use of foreign language and graphics were taken as important clues for quality and price. Consumers preferred French or German made wines to Spanish or Yugoslavian wines.

Kumar et al (1987) examined the factors influencing the buying decision making of 200 respondents for various food products. Country of origin and brand of the products was cross tabulated against age, gender and income. Results revealed that the considered factors were independent of age, education and income. The brand image seemed to be more important than the origin of the product, since the consumers were attracted to the brands.

Jorin (1987) reported that changes in Swiss consumer spending power and buying habits since the beginning of the 20th century and in the more recent past. Current trends include greater emphasis on health and safety of foodstuffs and less attention to price, increased demand for low calorie light products, increased demand for organically grown foods. For young people more concern with enjoyment and less for health, with more meals eaten away from home, and generally an increased demand for convenience foods. The prospects for high quality branded products were seen to be good.

Puri and Sangera (1989) conducted a survey to know the consumption pattern of processed products in Chandigarh. Jam was found to be most popular among all classes of income. Orange squash consumption was maximum in high and middle income families.

Pineapple juice consumption increased with a rise in the income.

Shanmugasundaram (1990) studied about soft drink preference in Vellore town of North Arcot district in Tamil Nadu. The study revealed the most preferred soft drink among respondents as Gold Spot (26%) fallowed by Limca (24.8%), Sprint (22.8%) and Thums-up (20.8%). It was found that taste was the main factor for preference of particular brand and among the media television played a vital role in influencing consumer choice of brand.

Sharma and Kuber (1991) conducted a study on consumption pattern of households belonging to weaker sections of Sahranpur district. The study revealed that per capita total expenditure, expenditure on milk and milk products were higher in winter where as expenditure on food items was higher in rainy season. The expenditure on pure ghee, milk and other milk products showed variation in different seasons. It was also observed that dairy products and non-food items were income elastic.

Srivastava and Dongra (1991) analyzed regional imbalance in production and consumption of fruits and vegetables in India. Examination of the consumption data showed that very little was spent on fruits and vegetables. However in all the regions, the consumption of fruits and vegetables was higher in urban areas than in rural areas.

Sabeson (1992) conducted a survey to know the consumption pattern of processed fruit and vegetable products in Pondicherry city. Sample of 120 respondents were surveyed regarding their consumption habits. Analysis revealed that the processed fruit and vegetable products were consumed mostly by small households with fewer numbers of children. It was found that with increase in literacy level of the head of

the family and housewife, the consumption level also increased.

Behe et al (1992) surveyed 510 floral product consumers in Ohio supermarket and identified 34 factors that affected floral purchases. Response of 160 survey questions with the varimax rotate that yielded 34 independent factors accounting for 64 per cent of the total variance. Factors were grouped into five major categories based on product, consumer, and store, use (gifts) and place (location) attributes. These factors were subsequently used for market segmentation and five segments were identified.

Nicholos (1993) evaluated the role of quality in the US fruits and vegetable production and marketing. The most important quality attributes which emphasized recommended external appearance were size, shape, color, and defects. The author recommended that quality attributes should be regulated for international trade.

Brumifield et al. (1993) found that customer at king supermarkets in New Jersey during the local season preferred tomatoes grown in New Jersey to tomatoes from other origins. A regression analysis was used to fit the data to determine the factors affecting the demand.

Shaw (1993) studied the consumption pattern of processed food in Delhi. Results showed that easy availability, taste and advertisements of the processed products were more popular. Major factors which influenced buying decisions of consumers were brand name, government certification and price of the product. He noticed that processed food products were boon to busy housewife as it made cooking simple and saved time. But the consumption base for these products had low domestic base on account of their high cost and ignorant about the use of these products especially among semi-urban and rural consumers.

Richardson and Shepherd 1994) examined the factors influencing in the choice of diet. The study revealed that 28.3 percent of the factors influencing the meat consumption were healthiness, taste, concerns over additives and the trust in the purchase stores used. It was also found that the food package labels were an influential source of meat related information.

Gao and Spreen (1994) conducted the micro econometric analysis of US meat demand. Price and expenditure elasticities and estimates of effect of household demographic variables on the demand for six meat commodities were estimated. The most significant household characteristics and socio economic variables were region ethnic background, household size, urbanization, received health information, female household head, employment status and proportion of food expenditure on away from home consumption. The results supported the speculation of other time series meat demand studies claiming that both health concerns and convenience were the reasons for changes in consumer preference in favour of poultry and fish as against red meat.

Inamke et al. (1995) studied the milk consumption behaviour by urban and rural consumers in western Maharastra. The factors considered were family size, occupational status and family income. Family income had the highest influence on milk consumption whether the consumers were urbanites or rural consumers. Occupational status and family size to a certain extent were also responsible for deciding the milk consumption of households.

Singh et al (1995) considered factors namely quality, availability, convenient pack size, flavour, colour, freshness and mode of payment to study the preference for a particular source of milk namely rural milk vendors, privately owned city dairies and dairy factories. 70 per cent of

the respondents preferred milk supplied by city dairies. The least preferred was those sold by dairy factories.

Gerhardy and Ness (1995) employed conjoint analysis to know the consumer preference for eggs in United Kingdom. A sample of 160 respondents was interviewed in five locations. The average relative importance given for production method was 30.4 percent; price and origin were 25.6 and 25.06 percent respectively. Freshness indicators like egg laid date, packed date etc, received an importance of 18.9 percent.

Huang and Fuj (1995) used conjoint analysis to assess Taiwanese consumer's preferences for Chinese Sausages. The survey was aimed at identifying consumer's decision making and choice behaviour. Taste and brand had highest influence on consumer's overall judgment of the product.

Wandel (1995) used multivariate analysis to study factors influencing the consumption of vegetables and fruits among Norwegian consumers. The factors, which determined consumption, were sex, age, income and household structure. It was interesting to note that consumers who were health conscious consumed more fruits and vegetables where as those who and a preference for quickly prepared food tended to have a low consumption of vegetables.

Kaur and Gupta (1996) conducted a study in Chandigarh city and found that the percentage expenditure on food was 35 per cent while that on non-food item was 65 per cent. The relative expenditure on food items decreased as income increased. Among the food items, the largest expenditure was on milk and milk products out of which 75 per cent was accounted for milk and 25 per cent by milk products.

Hugar and Vijay Kumar (1996) carried out a study in Dharwad city to identify various factors that influence the consumption of vegetables. A sample of 90 consumers were chosen at random. It was observed that the personal attributes such as educational level and sex had significant influence on the quantity and frequency of purchase. Price had a high influence on quantity purchased among the lower income groups but the effect was not pronounced for high income groups.

Sharma and Poonam (1997) applied conjoint analysis to examine the quality attributes that affect consumer's preference for cut flower. It was found that colour was the most important quality attribute for rose fallowed by variety, price and floral arrangement. He also observed that as consumer's income increased their expenditure on cut flowers also increased.

Sharma (1997) explained the factors determining consumer's acceptance and preference for food in general. Many factors combine and interact to make buying a complex process. Price was identified as an important factor; however it had some limitations on the consumer's choice. Factors like sensory attributes, regional preference, age, sex, interest, motivation, discrimination and income also undoubtedly influenced food consumption.

Amitha (1998) studied the factors influencing the consumption of selected dairy products in Bangalore city. The results of the study revealed that income and price significantly influenced the consumption of table butter. Price had a negative impact and income a positive impact on consumption.

Srinivasan (2000) found that consumer with higher educational level found to consume more processed products. The quantities of

processed fruit and vegetable products consumed were more in high income group. The tolerance limit of price increase identified was less than 5%, above this limit, would result in discontinuance of the use processed product. Consumers preferred processed products because of convenience of ready to eat form.

Sanjaya (2002) observed that the decision for purchasing branded fine rice was mostly made by the wives of the family. The retailers were ranked as the prime source of information about branded fine rice. The monthly purchase was the most preferred frequency of purchase, which might be due to the fact that most of the respondents were of monthly salaried class and they would have planned their purchase accordingly along with other provisional items. The quality and the image of the brand were ranked as the major factors for brand preference in the purchase of branded fine rice.

Sarwade (2002) reported that the price was the major factor which influencing the purchase decisions as against the quality of the product. Further it was observed that the company image and brand image were not totally considered by the households.

Sampathkumar (2003) studied about brand preference in soft drinks in Telangana region of Andra Pradesh. He found in rural market about 37.5 percent of consumers prefered Thumbs-up (urban 30%) followed by Coco cola at 28.5% (urban 37.5%), Pepsi with 12.5 percent (urban 9%), Limca at 4 percent (urban8.5%). Most of the urban consumers purchased soft drinks in nearest Kirani stores i.e., 67 percent (rural 73%) fallowed by super bazaars with 27 percent (rural 26%) and others at 6 percent (rural 1%). The method of physical distribution played very vital role in company's success and failure in the market. Transportation was among the major functions of physical distribution.

Shivkumar (2004) found that the consumer from all the income groups was mainly influenced to purchase by the opinions of their family members. Consumers were influenced by the dealers' recommendation, fallowed by advertisement.

Nagaraja (2004) while studying the buying behaviour of consumers observed that their own experience and of neighbour consumers and his own family and the involvement of his own members were exerting maximum influence on purchase decision. Above all, the quality of the product and its easy availability were the primary vital determinants of buying behaviour. Consumers were influenced by touch and feel aspect of any promotional activity.

Kubendran and Vanniarajan (2005) indicated that the change in consumption pattern was due to the changes in food habits. If income and urbanization increase among consumers, the percentage of income spent on consumption also increased. The urban consumer's preferred mostly branded products compared to rural consumers. The most significant factors influencing buying decisions were accessibility, quality, regular supply, door delivery and the mode of payment.

Ramasamy et al. (2005) supported that the buying behavior was vastly influenced by awareness and attitude towards the product. Commercial advertisements over television was said to be the most important source of information followed by displays in retail outlets. Consumers build opinion about a brand on the basis of role of important product features the decision making process. A large number of respondents laid emphasis on quality and felt that price was an important factor while others attached importance to image of the manufacturer.

Banumathi and Hemameena (2006) in their study revealed that the companies manufacturing soft drinks must manufacture high quality soft drinks in order to compete with soft drinks of multinational companies. They suggested demand promotion by effective advertising, improving quality by keeping a check on the taste and price. Study also revealed that there was no association between age, education, occupation and choice of brands but there was association between monthly income and brand preference and also there was close relationship between price and satisfaction level.

2.2 Brand loyalty and switching pattern

Singh and Singh (1981) found that consumers had single or multi-brand loyalty based on the nature of product like necessities or luxuries. Brand choice and store loyalty were found to affect the brand loyalty of the consumer. The factors that influence and strengthen loyalty to brand were quality of product, habit of use and ready and regular availability.

Ali (1992) studied the brand loyalty and switching pattern of processed fruit and vegetable products in Bangalore city by using Markov Chain Analysis. The result of the study revealed that Kissan brand of jam, Maggi brand of ketchup had a maximum brand loyalty among consumers and less amount of brand switching occurred from these brands.

Frederick (1994) pointed out in his book, "The Loyalty Effect", that, 'customers equity effectively explains success and failure in business'. The companies with the highest retention rates also earn the benefit profits. Relative retention explains profits better than market share, scale, cost position or any other variable associated with competitive advantage.

Ranganatham and Shanthi (1995) conducted a study on brand image of refrigerators in Tamil Nadu. The study revealed that Kelvinator scored higher for working of its power saving compressor, cooling power and its price was considered except for defrost and new features. The potential buyers felt that Godrej and Voltas had a well known corporate identity.

Hans et al. (1996) revealed that the brand switching of consumer was based on variety seeking behaviour, influenced by curiosity and price motives.

Veena (1996) studied the brand switching and brand loyalty of processed fruit and vegetable products in Karnataka state by using Markov Chain Analysis. The result of the study revealed that Maggi, Sil and Kissan were having market retention of 74.20, 55.78 per cent and 48.74 per cent respectively for jam products. The equilibrium shares determined in order to predict future market position among the different brand showed that in long run, shares of Kissan, Rex. Other brands likely to decline mainly on account of increased market shares of Gala, Sil and Maggi.

Rajan (1997) defined the brand equity as it provides or negatively subtract value to a firm in the form of price premium or trade leverage or competitive advantage. The brand's assets categorized in to five groups, i.e., brand loyalty, brand name awareness, brand's perceived quality, brand association in addition to the perceived quality and other proprietary brand assets like patents, trade marks, channel relationships, etc.

Ashalatha (1998) studied the factors influencing the performance of BAMUL milk for a sample of 100 respondents. The study revealed that

the factors such as door delivery, clean packing, quality, hygienic preparation, time saving, and reliability. Good value for money, freshness and desired flavour were important in the similar order in influencing the decision of buyers for BAMUL milk.

Padmanabhan (1999) conducted study on brand loyalty of pesticides, which revealed that the price of the preferred brand and efficiency of the preferred brand as well as influence of advertisement significantly influenced the brand loyalty. Only when the price of a particular brand was comparatively lower to prices of other brand in the market the farmers would naturally prefer to low priced brand. Otherwise farmers would naturally continue to purchase the same brand.

Raj and Pruthviraju (1999) studied about buying motives of rural consumers about seeds. Different sources of information about brands with regard to seeds. Factors influencing brand loyalty of farmers were dealer's suggestions, quality product and co-farmers. The problems faced by farmers with supply of seed or poor quality seed, higher price, adulteration and irregular supply of seeds.

Burke (2001) has created a brand equity index comprised of three components, best described as brand equity molecule. This is an overarching device of retaining and attracting customers. The three atoms, which embedded to molecule, are image, value and loyalty. Image and value perceptions pull in new customers, while loyalty retains customers.

Nick Wreden (2004) in his book "fusion branding: how to forge your brand or the future", revealed that, branding had a little secret; it didn't know how to count. But he mentioned the measure of brand as a

pseudo-measurement, i.e., brand equity. It appeared to quantify intuitive recognition about the value of the brands. It incorporated two brand strengths – it's standing with purchases and perception among prospects and customers. And it provided a means to rank winners and losers in branding wars.

Rajarashmi and Sudarsana (2004) reported that almost all the sample respondents preferred branded products and if their favorite brand was not available in the retail shop they went for another store and their favorite brand is not available in that market too then the respondents are ready to postpone their decision.

Narang (2006) observed that buyers do not stick to one brand in case of food purchasing therefore they should be able to recall the different brand names when they went for purchase. Repetitive advertising can be used to promote brand recall. The product should be associated with style and trend, so that it appealed to the youth and the brand name should be developed as a fashion statement. A promotional scheme such as discount and free offers with purchase was suggested to increase rates.

Vincent (2006) reported that quality was an important factor that drew consumers towards branded products. Branded products were accepted as good quality products. People did not mind paying extra price for branded products, as they got value for money. Media was a key constituent in promoting and influencing brand. A child's insistence affected family's buying behavior. Children were highly aware and conscious of branded items. Although unbranded products sometimes gave same satisfaction as branded products, customers still preferred to purchase a branded product.

2.3 Effect of advertising on purchasing behavior

Rogers (1993) observed that advertising was a major competitive strategy among leading US food processors with the food processing sector outspending every other sector of the economy. The study examined the advertising of branded products by agricultural cooperatives in food processing over a 20-year period, from 1967 to 1987. The related issue of generic, industry-wide advertising by associations or boards received less attention. Such advertising sought to expand industry demand for the commodity as opposed to influencing a consumer's brand choice among the various sellers. The 1987 data, unlike the 1967 data, allowed some observations to be drawn about non-brand advertising done on behalf of an entire industry, but the primary focus was on brand-specific advertising that attempted to build and maintain product differentiation.

Lambin (1995) in his study affirmed that advertising undoubtedly influenced consumer buying behavior and also created a preference for the advertised brand. This was an econometric study of 25 markets of eight European countries in which 108 brands were analyzed over a period of more than 10 years with regard to their respective marketing mix and competitive context.

Bjornson (1996) Tobin's q model is used to investigate the impact of US food manufacturers' advertising as an investment in intangible capital. Intangible capital value created by advertising relates to expected growth and economic rents derived from brand equity. The relations between advertising and firm value under varying economic and consumer food market conditions were studied. It was found that food manufacturing firms' advertising activity was strongly related to intangible capital value during the high value-added food product proliferation of the 1980s, and during recessions.

Connor (1997) explored the importance of defining the area in which the company wished to compete was highlighted. Increasingly food processors attempted to differentiate themselves from competitors on the basis of quality and many have instituted comprehensive quality assurance and quality improvement programmes. Much marketing effort has been directed at identifying appropriate market segments. Media advertising was a key way of differentiating branded food products.

Santhosh (1997) found that most of the respondents liked the slogan and also liked the product whose slogans they liked. Respondents had a feeling that the good slogan had a great association with the products popularity and success. A good slogan helped in recollecting the product need and also helped to form a good image of the product. In case of non-durables there was a high degree of association between the market share and popularity of the slogan.

Sunanda (1997) reported that advertisement was a persuasive social activity which went beyond the purview of business firm. It is the blend of personal selling, sales promotion and public relations. Advertisement is influenced by the factors of promotional mix, like nature of market, nature of product, stage in the product life cycle, price and funds available for promotion which in turn influenced the turn over. An advertisement oscillates the sales and popularizes specific product or service at a certain cost to increase the profit.

Vidyadhar (1997) concluded that television was the best media source for advertising. Magazines and newspapers also played an important role. Frequency of exposure to advertisement should be in the range of 4-7 times a day. The respondents like the models and show interest in music. Majority of the respondents liked photography of the advertisements.

Panchanatham (1998) found that the advertisement in general did not help the people to have adequate knowledge about the product or service. This lack of knowledge about the service remained a hindrance while selecting a brand for a particular product.

Verma and Hema (2000) revealed that the general attitude of the majority of consumers was favourable towards advertisement messages. They appreciate the role played by advertisements in influencing their product purchase decisions. They agree that advertisements were not only necessary but were indispensable, appealing, amusing, and entertaining. They also felt that advertisement promoted competition in the market which leads to supply better quality products for consumers.

Rengamani (2003) observed that the flexibility of the advertorial format made these special ads effective to a broad range of advertisers and marketing situations. When advertorial were used in addition to regular display advertising the company's image and credibility enhanced. For an advertorial to do its job, it must have worthwhile information and be interesting to the reader.

Sakthivel (2003) reported that the personality of the celebrity played an important role in successful endorsement. The company must have deep pockets to be able to afford the best available celebrities. Further he indicated that coca cola firms had gone beyond their advertising budgets to get the best celebrities.

Nandagopal and Chinnaiyan (2003) studied the level of awareness among rural consumers about the brand of soft drinks and indicated that major source of brand awareness was the word of mouth fallowed by advertisement. The family members, relatives, and friends formed a

major influence in the purchase decision. Another important factor that influenced purchase was product quality i.e., quality perception in the mind of the consumer.

Ravichandran and Narayanarajan (2004) found that advertisement played a vital role in influencing the purchase decision of a particular brand. Socio-economic factors such as sex, age, education, occupation and income influenced the brand preference and motivated the buyer to choose a particular brand. Quality of product also largely determines the buyer market.

Alexander (2005) felt that advertisement was a sharp double edged weapon. When the claims of an advertisement corresponded with the feature of the product, the product was purchased. The advertisement was bound to create a positive attitude among the consumer in the long run. An advertisement aimed to create faith and goodwill in the mind of consumer about the product.

Gautham and Pawan (2005) maximum number of respondents were of the view that the duration of advertisement should be of thirty seconds to one minute and frequency of repetition of advertisements should be more than five times a day so that better understanding and remembrance of the advertisement can be there. The survey revealed that family drama and news events should be used most on the copy of the advertisement to make it more effective.

Sumanjeet (2005) reported that online banner advertising had great potential as an advertising medium. It offered companies targeting well educated, innovative, people with great potential for success, as their segment were highly represented. It built brand loyalty which lead to increased sales and reached new, unduplicated customers.

Darling (2006) found that the consumption pattern of fast moving consumer goods was highly influenced by advertisement through various media. Moreover, the nuclear families also paved ways and means to get their desired needs. The convenient and sophisticated life pattern also forced the people to change their consumption pattern. The study suggested that, if the people were not yielding to the changing lifestyles, certainly the consumption pattern also would never change.

Kavitha (2006) found that the disliking the advertisement might help in recalling it but did not necessarily affect the purchase decision. In advertisement both the models and the concept of the advertisement were important and sometimes the emotional appeal played a greater role than the celebrity endorsement.

Vasan et al. (2006) found that introduction of hygienic and attractive packaging without increasing the price would attract more consumers. Introduction of combo packs with discounts would help to build brands in an equal manner. Television advertisements were a major factor in purchase decisions compared to other mediums. Children had a positive influence in purchase decision of biscuits.

Materials and methods

Chapter III
MATERIAL AND METHODS

The present study was to identify the important characteristics and socio economic factors that influence the brand preference of the selected cereal food products. This chapter presents a brief discussion of the methodology used in the study under the headings indicated below.

3.1 Selection and description of the study area
3.2 Sampling procedure
3.3 Collection of data
3.4 Analytical tools and techniques employed
3.5 Definition of terms and concepts used

3.1.1 Selection of the study area

Bangalore, the capital city of Karnataka is one of the fastest growing metropolitan and is highly cosmopolitan in nature. People of different religions, castes, occupations, cultures, diverse linguistic background and of different food preferences reside here. It is the IT and BT hub of India, with industrial estates and numerous financial and educational institutions.

3.1.2 Description of the study area

Bangalore is located on the Deccan Plateau in south-eastern Karnataka; Bangalore has an estimated metropolitan population of 6.1 million, making it India's third-largest city and fifth-largest metropolitan.

Bangalore, over the years, has evolved into a manufacturing hub for public sector heavy industries—particularly aerospace, telecommunications, machine tools, and heavy equipment, space and defense equipments. The establishment and success of business software

services firms in Bangalore after the liberalization of India's economy has led to the growth of India's information technology industry. Bangalore is referred to as the Silicon Valley of India and accounts for 35 percent of India's software exports. Home to prestigious colleges and research institutions, the city has the second-highest literacy rate among the metropolitan cities in the country. Bangalore is known as the Garden City of India because of its climate, greenery and the presence of many public parks, including the Lal Bagh and Cubbon Park.

Bangalore is situated in the south-east part of Karnataka at an average elevation of 920 meters (3,018 feet). It is positioned at 12.97° N 77.56° E and covers an area of 2190 km². Bangalore District borders with Kolar District in the northeast, Tumkur District in the northwest, Mandya District in the southwest, Chamarajanagar District in the south and the neighboring state of Tamil Nadu in the southeast.

Bangalore has a large number of lakes. Of these Sankey lake, Ulsoor lake and Yediyur lake being the major ones. Because of its elevation, Bangalore enjoys a pleasant and unflappable climate throughout the year. The highest temperature recorded is 39°C (102°F) and the lowest is 11°C (52°F). The wettest months are August, September and October; with a heaviest rainfall of 180 mm recorded in 24-hour period.

Bangalore is the 3rd most populous city in India and the 27th largest city in the world by population. With a decadal growth rate of 38%, Bangalore is the fastest-growing Indian metropolis. Women make up 47.5% (2001 census) of Bangalore's population with an overall literacy rate of 83% which is the second highest for an Indian metropolis, after Mumbai. The city's workforce structure is predominantly non-agrarian, with only 6% of Bangalore's workforce being engaged in agriculture-related activities.

Area wise Mapping of Bangalore City

3.2 Sampling procedure

Bangalore city was selected purposively as the study area for investigating and analysing the consumer preference for branded processed cereal food products, because of its cosmopolitan nature which gives a wide scope for studying the consumption pattern of these branded food products. A convenient sampling method was adopted to select the respondents. The sample respondents were selected from different localities of Bangalore to have a representative sample mainly based on region, per capita income and social class. Averages of twenty respondents were interviewed in each locality. Data was collected from various age groups and from both the sexes, but more preference being given to women of the community since food preparation and handling is done by them. A total of 170 respondents were interviewed. The people from whom the data was collected belonged to different fields such as software industry, marketing, medicine, academicians; both husband and wife being employed in some vocation were targeted.

3.3 Collection of data

In order to test the hypothesis of study, data was collected from both primary and secondary sources.

Primary data regarding socio-economic characteristics like household size, age, income, education, expenditure, brand preference, purchase behaviour and consumer loyalty, were collected by personally interviewing the respondents using a structured questionnaire which was pre-tested and redefined. The respondents were contacted individually and the objectives of the study were clearly explained to them to ensure their cooperation and accuracy in their responses. Even though none of the households maintained any record regarding the expenses and purchases they recalled it from memory.

After collecting the primary data, market leader in case of wheat flour was identified. Another questionnaire was designed to know the product promotion and retail management strategies of ITC which is one of the leading processed food products company and a market giant. The assistant marketing manager of ITC was approached and the details regarding various aspects such as advertising strategies, incentives to the retailers, payment accounts, supply chain management, product promotion strategy, and customer complaints re-address mechanism, discounts, sales campaign etc, were collected.

Period of study

The reference year of the study was 2006-07 and the collection of data was carried out during the period of March 2007

Income groups

The sample was post classified into six income groups to facilitate easy computation of the results. Since Bangalore has highest disposable income and most of the people belong to upper middle income group or high income group, the following classification has been made for the sake of convenience. The income groups as per annum earnings are,

1. Rs. Less than 2 Lakh - Low Income Group (LIG)
2. Rs. 2-4 Lakh - Lower Middle Income Group(LMIG)
3. Rs. 4-6 Lakh - Middle Income Group(MIG)
4. Rs. 6-8 Lakh - Upper Middle Income Group(UMIG)
5. Rs. 8-10 Lakh - High Income Group(HIG)
6. Above 10 Lakh - Very High Income Group(VHIG)

Family size

The size of the families is post classified into following groups for easy understanding of the sample surveyed.

1. Small Family - Less than 4 members
2. Medium Family - 4 to 6 members
3. Large Family - More than 6 members

3.4 Analytical tools and techniques employed

Detailed descriptions of the analytical tools employed in the study are given below.

3.4.1 Factor analysis

Factor analysis is a multivariate technique in which, the two most commonly employed factor analytic procedures in marketing applications are principle and common factor analysis. The objective is to study the factors influencing consumption pattern of branded processed cereal food products and hence principle component analysis is used.

Principle component analysis can accommodate a large number of variables and reduce the information to a convenient size. The inter-relationship among a set of many inter-related variables are examined and represented in terms of a few underlying factors or dimensions that explain the correlations among a set of variables. This assumes that the observed variables are linear combinations of some underlying source variables, which are known as factors.

The factor analysis programme will provide the correlation matrix as one of the outputs. Using these correlations one can see what information and hypotheses can be obtained. Factor loadings provide the correlation between the variable and the underlying dimension. The

product of the corresponding factor loadings can obtain the correlation between any two variables.

Since the objective of the factor analysis is to represent each of the variables as linear combination of a smaller set of factors, we can express this as

$X_1 = l_{11} F_1 + l_{12} F_2 + \ldots\ldots\ldots\ldots + l_{1n} F_n + e_1$

$X_2 = l_{21} F_1 + l_{22} F_2 + \ldots\ldots\ldots\ldots + l_{2n} F_n + e_2$

$X_3 = l_{31} F_1 + l_{32} F_2 + \ldots\ldots\ldots\ldots + l_{3n} F_n + e_3$

: : : : : : :

$X_m = l_{m1} F_1 + l_{m2} F_2 + \ldots\ldots\ldots\ldots + l_{mn} F_n + e_m$

Where,

X_1-X_n = Standardized scores

F_1-F_n = Standardized factor scores

l_{11}-l_{mn} = Factor loadings

e_1-e_m = Error variance.

The maximum number of factors possible is equal to the number of variables. However, a small number of factors by themselves, may be sufficient for retaining most of the information on the original variables.

3.4.2 Turf analysis

Turf is an acronym for "Total Unduplicated Reach and Frequency". It is most often used in market research applications. This was originally based on the needs of media schedulers to maximize reach and frequency of media spending across different items like print, broadcast,

etc, without duplicating audiences, i.e. the number of people who would be exposed to an advertisement per unit of cost. In a research context, TURF provides estimates of market potential typically in the context of a line configuration problem.

Turf Analysis is very useful especially to optimize the potential product or promotional offerings. Instead of examining duplication across lists or other media sources, purchase intent scores are analyzed for a series of promotional offers or product elements such as flavors, sizes, etc. By optimizing the unduplicated purchase intent of potential products or line extensions, the largest number of consumers can be appealed to with the least number of products. TURF Analysis can also take into account the different cost structures to produce the products and help to optimize the profitability of a brand family.

The TURF algorithm identifies the optimal product line to maximize the total number of consumers who will purchase at least one Stock Keeping Unit and at the same time minimize consumer overlap across all the flavors. Now, it is often used to choose the product lines, flavor bundles, colors, scents, package sizes, etc., to offer the potential buyers.

TURF model can be described through set theory. Suppose *A1, A2,...,Ak* are *'k'* options in a multiple select type question then the number of occurrences of at least one event can be written as -

$$N(\bigcup_{i=1}^{k} A_i) = \sum_{i} N(A_i) + \sum_{i<j} N(A_i \cap A_j) + \sum_{i<j<k} N(A_i \cap A_j \cap A_k) - \ldots\ldots\ldots + (-1)^{k-1} N(A_1 \cap A_2 \cap \ldots \cap A_k)$$

Where,

$N(A_i)$ = Number of occurrences of the option A_i

$N(A_i \cap A_j)$ = Number of occurrences of options A_i and A_j jointly.

$N(A_i \cap A_j \cap A_k)$ = Number of occurrences of options A_i, A_j , and, A_k jointly.

$N(A_1 \cap A_2 \cap \ldots \cap A_k)$= Number of occurrences of all options together.

In TURF analysis, we only calculate the values of $N(A_i)$, $N(A_i \cap A_j)$, $N(A_i \cap A_j \cap A_k)$.. etc.

TURF analysis is described uniquely through a Venn diagram to interpret the result. Using this diagram one can easily find out the values of $N(A_i)$, $N(A_i \cap A_j)$, $N(A_i \cap A_j \cap A_k)$..etc.

The data input for a TURF analysis is a set of product preference questions asked to the respondents. Turf assumes that once consumers are satisfied with a specific product they will no longer seek variety in that product category.

3.4.3 Transitional probabilities

To determine the brand loyalty and switching pattern of consumers for branded processed cereal food products transitional probabilities using Markov chain analysis were calculated for different brands of selected foods. There are several approaches to estimate the transitional probabilities of the Markov chain model such as unweighted restricted least squares, weighted restricted least squares, Bayesian, Maximum likelihood, unrestricted least squares etc. In the present study, Maximum likelihood estimation procedure was employed to estimate the transitional probabilities, which minimizes the sum of absolute deviations.

The transitional probabilities were calculated as follows,

(i) $$P_{ij} = \frac{m_{ij}}{\sum_{m=1}^{n} m_{ij}}$$

(ii) $$\sum_{j=1}^{m} P_{ij} = 1; \qquad i = 1, 2, 3, 4 \ldots m$$

(iii) $$0 \leq P_{ij} \leq 1$$

Where,

P_{ij} = Estimated probability that a consumer in i^{th} brand in t-1 period moves into j^{th} brand in a given t^{th} period

m_{ij}= Number of consumers in the i^{th} brand in t-1 period moving j^{th} brand in the t^{th} period

Separate transition matrices were formed for wheat flour and noodles. In a transitional probability matrix, the retention probabilities are shown by diagonal elements. While the gain probabilities are given by column values, loss probabilities are given by row values.

Using the estimated transitional probabilities, the future market share of branded foods was predicted by multiplying the same with the respective share of the base period.

Future market share = present market share X TPM

3.4.4 Tabular analysis

Simple conventional method of tabular analysis was used in order to study the socio economic characters, consumption scenario and details about branded processed cereal food products. Average and percentage analysis were adopted to examine the distribution of income, education, household size and expenses of the household for purchase of branded processed cereal food products.

3.5 Definition of the terms and concepts used

3.5.1 Brand

A brand is a collection of images and ideas representing an economic producer; more specifically, it refers to the concrete symbols such as a name, logo, slogan, and design scheme. A brand is a symbolic embodiment of all the information connected to a company, product or service. A brand often includes an explicit logo, fonts, color schemes, symbols, sound which may be developed to represent implicit values, ideas and even personality.

3.5.2 Brand loyalty

Brand loyalty consists of a consumer's commitment to repurchase the brand and can be demonstrated by repeated buying of a product or service or other positive behaviour such as word of mouth advocacy. True brand loyalty implies that the consumer is willing, at least on occasion, to put aside their own desires in the interest of the brand.

3.5.3 Brand management

Brand management is the application of marketing techniques to a specific product, product line, or brand. It seeks to increase the product's perceived value to the customer and thereby increase brand franchise and brand equity. Marketers see a brand as an implied promise that the level of quality people have come to expect from a brand will continue with present and future purchases of the same product.

Experimental Results

Chapter IV

EXPERIMENTAL RESULTS

In consonance with the objectives of the study, the data collected from different sources was analysed and interpreted. The important findings of the study are presented in this chapter under the following heads.

4.1 Socioeconomic profile of the respondents.
4.2 Consumption and expenditure scenario of respondent households
4.3 Factors influencing consumption pattern of branded food products
4.4 The brand loyalty and switching pattern for branded food products.
4.5 Market share of various brands.
4.6 Product promotion and retail management strategies of ITC in the case of wheat flour.

4.1.1 Socioeconomic profile of the respondents.

In order to get a broad view about the sample respondents the socioeconomic characteristics of the respondents were examined, which are furnished in table 4.1. It could be seen that average family size of LIG, LMIG, MIG, UMIG, HIG, and VHIG were 3.5, 3.59, 3.49, 3.58, 3.46, and 3.87 respectively. The average family size for the pooled sample was 3.55 members.

The average number of children for LIG was 1, LMIG was 1.4, MIG was 1.26, UMIG was1.23, HIG was 1.66, and VHIG was 1.66. The average number of children for pooled sample was 1.30. The average number of people employed in each family in LIG, LMIG, MIG, UMIG, HIG, and VHIG were 1.37, 1.52, 1.69, 1.94, 2.23, and 2.12 respectively. The average number of people employed in each family in the whole sample was 1.75.

Table 4.1: Income group wise socio-economic features of the respondents.

Sl. No.	Socio-economic Variables	LIG	LMIG	MIG	UMIG	HIG	VHIG	Grand Total
1	Average Family size (Numbers)	3.5	3.59	3.49	3.58	3.46	3.87	3.55
2	Average number of Children	1	1.4	1.26	1.23	1.66	1.66	1.30
3	Average number of people employed	1.37	1.52	1.69	1.94	2.23	2.12	1.75
4	Average expenditure on food (Rs.)	3479	4657	5329	5413	5631	7000	5187
5	Average expenditure on branded food (Rs.)	775	832	895	1019	1281	1050	947
6	Number of households in each group	8	42	63	37	13	7	170

The average monthly family expenditure on food of respondents of LIG, LMIG, MIG, UMIG, HIG, and VHIG were Rs. 3479, 4657, 5329, 5413, 5631 and Rs. 7000 respectively. The overall per month average expenditure per household was Rs. 5187. The average per month expenditure of household on branded food products for LIG was Rs. 775, LMIG was 832, MIG was 895, UMIG was 1019, HIG was 1281, and VHIG was Rs.1050. The pooled average monthly expenditure per family on branded food products was Rs. 947.

The distribution of sample according to the income group is also analysed. 63 being the highest number households belong to MIG followed by 42 households belonging to LMIG. 37 households under UMIG, 13 under HIG, 8 under LIG and 7 households belong to VHIG.

4.1.2 General characteristics of sampled respondent households

The age, gender, family size, occupation and literacy level of sample are presented in table 4.2. The percentage of respondents under the age group of 35-45 years was 32.94, followed by 28.82 percent in the age group of 25-30 years. 13.94 percent fell under 30-35, 12.94 percent under 45-55, 8.82 percent under the group of 20-25 years of age.

Among the pooled respondents, 70 percent were females and rest 30 percent were males. About 71.18 percent of the households were non-vegetarians and 28.82 percent were vegetarians. Out of the sampled respondents 87.05 percent were from south India and north Indians were about 12.95 percent.

The family size of the sampled respondents were analysed, according to which 51.76 percent of the households were medium families followed by 45.88 percent small families and only about 2.36 percent belonged to the large family group.

Table 4.2: Characteristics of sample customer households.

Sl. No.	Characters	Category	Respondents	
			Number	Percentage
1	Age	20-25	15	08.82
		25-30	49	28.82
		30-35	23	13.52
		35-45	56	32.94
		45-55	22	12.94
		>55	5	02.94
2	Sex	Male	51	30.00
		Female	119	70.00
3	Food habits	Vegetarian	49	28.82
		Non vegetarian	121	71.17
4	Domicile status	South Indian	148	87.05
		North Indian	22	12.94
5	Total family size	Small family	78	45.88
		Medium family	88	51.76
		Large family	4	02.35
6	Occupation	Academicians	24	14.11
		Business	48	28.23
		Doctors	10	5.88
		Govt. Employee	26	15.29
		IT Professional	24	14.11
		Other	38	22.35
7	Education	SSLC	4	02.35
		PUC/ 12th Std	20	11.76
		Graduation	81	47.64
		Post Graduation	46	27.05
		Above Post Graduation	19	11.17

According to the occupation of the sample respondents, 28.23 percent of households were of business group, 22.35 percent were categorised under other occupations like accountants, lawyers, actors, marketing executives, and so on. About 15.29 percent were employed in government undertakings, 14.11 percent were academicians from both government and private institutions and others 14.11 percent employed in IT industry. Doctors constituted 5.88 percent

The literacy levels of sample respondents were analysed and found that 47.64 percent of sample respondents were graduates. 27.05 percent of the people had obtained post graduation, 11.76 percent of respondents had completed their 12th standard, and 11.17 percent of respondents had additional qualifications other than post graduation. Out of the total respondents only 2.35 percent had studied till SSLC.

4.2 Consumption scenario of households

The Consumption scenario of households is presented in this section which includes various generic food products, processed cereal food, the quantity consumed, and the amount spent etc.

4.2.1 Household consumption expenditure on food

The household consumption expenditure spent by different income groups is presented in table 4.3. It could be observed from the table that LIG spent Rs. 1625 on food grains per month. The expenditures of LMIG, MIG, UMIG, HIG, and VHIG on food grains were Rs. 1663, 1865, 1705, 2107 and 2142 respectively. The average spending of pooled sample on food grains was Rs. 1851 with a standard deviation of Rs. 227.

The average expenditure of LIG on meat and meat products was Rs. 462, LMIG was 545, MIG was 758, UMIG was 604, HIG was 369 and VHIG was Rs. 1114.28. The average expenditure of all income groups on

meat and meat products was Rs. 642 with Rs. 266 of standard deviation. The average expenditure on milk and milk products per household per month by LIG was Rs. 525, LMIG was 705, MIG was 835, UMIG was 972, HIG was 811, and VHIG was Rs.1328. The pooled average monthly expenditure of per family on milk and milk products was Rs. 863 with a deviation of Rs. 272 from the average value.

The average monthly family expenditure on fruits and vegetables of respondents of LIG, LMIG, MIG, UMIG, HIG, and VHIG were Rs. 353, Rs. 685, Rs. 841, Rs. 901, Rs. 776 and Rs. 914 respectively. The overall monthly average expenditure of per household was Rs. 745 with a deviation of Rs.209.

The LIG spent, on an average, Rs. 512 on miscellaneous food items and expenditure of LMIG was Rs. 1057, MIG was Rs. 1027, UMIG was Rs. 1225, HIG was Rs. 1507, and VHIG spent on an average Rs. 1562. The average spending by different income groups on miscellaneous food items was Rs. 1148 with a deviation of Rs. 383 from the average value.

4.2.2 Details on consumption and expenditure of wheat four (both branded and unbranded)

The number of households consuming Wheat Flour, their average and aggregate consumption and expenditure are presented in the Table 4.4. It is evident from the table that all the households purchased wheat flour. The average quantity of wheat flour consumed per household per month was 5.42 Kg. Here LIG consumed on an average 5.63 Kg of wheat flour, LMIG 5.93 kg, MIG 5.41 kg, UMIG 5.24 kg, HIG 5.00 kg, and VHIG consumed 4.00 kg of wheat flour.

Table 4.3: Household consumption expenditure on food.

(Per month in Rs.)

Sl. No.	Income Group	Food Grains	Meat and meat products	Milk and milk products	Fruits and vegetables	Miscellaneous	Total
1	LIG	1625	462	525	353	512	3478
2	LMIG	1663	545	705	685	1057	4657
3	MIG	1865	758	835	841	1027	5329
4	UMIG	1705	604	972	901	1225	5412
5	HIG	2107	369	811	776	1507	5630
6	VHIG	2142	1114	1328	914	1562	7000
Mean of each item		1851	642	863	745	1148	5251
Standard deviation		227	266	272	209	383	1160

Figure 2: Household Consumption Expenditure on Food

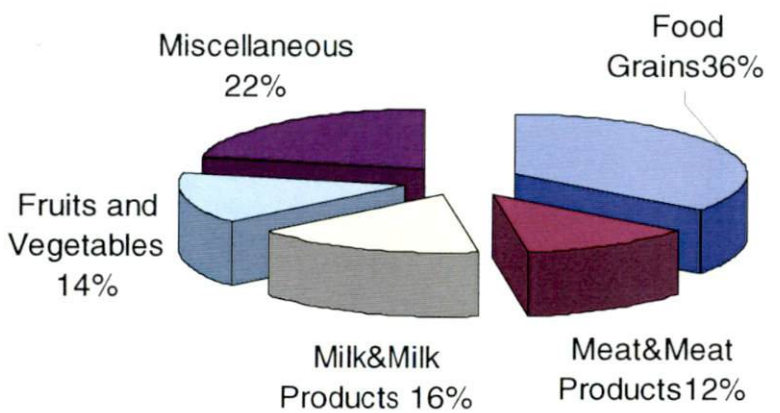


Table 4.4 Details on consumption and expenditure on wheat flour

Sl. No.	Income Group	No of house holds	Average quantity consumed (Kg/HH /month)	Aggregate quantity consumed (Kg/group /month)	Total Expenditure (Rs/month/ group)
1	LIG	8 (4.70)	5.63	45 (4.88)	1,260 (4.88)
2	LMIG	42 (24.70)	5.93	249 (27.00)	6,972 (27.00)
3	MIG	63 (37.05)	5.41	341 (36.98)	9,548 (36.98)
4	UMIG	37 (21.76)	5.24	194 (21.04)	5,432 (21.04)
5	HIG	13 (7.64)	5.00	65 (7.04)	1,820 (7.04)
6	VHIG	7 (4.11)	4.00	28 (3.03)	784 (3.03)
Grand Total		170 (100)	5.42	922 (100)	25,816 (100)

Note: Figures in parentheses denote percentage to grand total

In the case of aggregate quantity consumed per month and the expenditure, MIG stood first with 341 Kg (36.98%) of Wheat Flour, followed by LMIG with 249 Kg (27.00%), UMIG with 194 Kg (21.04%), HIG with 65 Kg (7.04%), LIG with 45 Kg (4.88%) and VHIG with 28 Kg (3.03%) occupied least position out of the total quantity of 922 Kg. The expenditure was also accordingly with sample spending Rs. 25,816 on its purchase.

4.2.3 Details on consumption and expenditure of noodles

Results of consumption and expenditure on noodles as presented in table 4.5 shows that 133 households bought noodles out of a total sample respondents of 170. The highest number of buyers were from MIG with 50 (37.59%) of households followed by LMIG and UMIG with 31 (23.30%) of households each. The least number of Noodles buyers were from LIG with only 3 (2.25%) households. HIG with 11 (8.27%) and VHIG with 7 (5.26%) households also consumed Noodles.

LIG consumed on an average 0.67 Kg of Noodles per household per month. In the case of LMIG was 0.83 Kg, MIG was 0.84 kg, UMIG was 0.95 kg, HIG was 1.00 kg and respondents of VHIG consumed 1.11 kg of noodles per month per household. The average quantity of noodle consumption was 0.89 Kg per month per household.

In the case of quantity consumed of Noodles MIG stood first with 28.1 (33.29%) Kg followed by UMIG with 21.4 (25.35) Kg of noodles. The last place was occupied by LIG with 1.5 Kg (1.77%) of Noodles. Other groups also consumed noodles like LMIG with 17.9 (21.20%) Kg, HIG with 8.10 (9.59%) Kg and VHIG with 7.4 (8.76%) Kg out of a total of 84.4 Kg. The whole sample expenditure on noodles was Rs. 8440

Table 4.5 Details on consumption and expenditure of noodles

Sl. No.	Income Group	No of households	Average quantity consumed (Kg/HH /month)	Aggregate quantity consumed (Kg/group /month)	Total Expenditure (Rs/month/ group)
1	LIG	3 (2.25)	0.67	1.5 (1.77)	150 (1.77)
2	LMIG	31 (23.30)	0.83	17.9 (21.20)	1790 (21.20)
3	MIG	50 (37.59)	0.84	28.1 (33.29)	2810 (33.29)
4	UMIG	31 (23.30)	0.95	21.4 (25.35)	2140 (25.35)
5	HIG	11 (8.27)	1.00	8.1 (9.59)	810 (9.59)
6	VHIG	7 (5.26)	1.11	7.4 (8.76)	740 (8.76)
Grand Total		133 (100)	0.89	84.4 (100)	8440 (100)

Note: Figures in parentheses denote percentage to grand total

4.2.4 Details on consumption and expenditure of corn flakes

The number of households consuming corn flakes, their average and aggregate consumption and expenditure are presented in the table 4.6. It is evident from the table that corn flakes were purchased by 104 households. Among the different income groups, Corn Flakes consumption was prominent in MIG with 40 (38.46%) households and least in LIG with only 2 (1.92%) households. Number of consumers from UMIG were next to the highest with 26 (25.00%), followed by LMIG with 17 (16.34%), HIG with 12 (11.53%) and VHIG with 7 (6.73%) households consumed cornflakes.

The average quantity of corn flakes consumed per household per month among the respondents was 0.63 Kg. Here LIG consumed on an average of 0.48 Kg Corn Flakes per household per month, LMIG was 0.56 Kg, MIG was 0.57 Kg, UMIG was 0.67 kg, HIG was 0.76 kg, and VHIG consumed 1.06 kg of cornflakes per household per month.

Aggregate quantity consumed and expenditure of all income groups on Corn Flakes was 94 kg spending about Rs. 41,360. The Corn Flakes consumption was prominent in MIG with 34 (36.17%) Kg stood first among all income groups, followed by UMIG with 25 (26.59%) Kg of corn flakes. Other groups which follow the above are LMIG with 14 (14.89%) Kg, HIG with 12 (12.76%) Kg, VHIG with 7.75 (8.24%) Kg and LIG with 1.25 (1.32%) Kg of corn flakes.

4.2.5 Number of households buying branded wheat flour

It is clear from table 4.7 that about 15.88 percent of the households among the sample were still buying unbranded wheat flour. Among different income groups 37.5 percent of LIG, 28.58 percent of LMIG, 11.12 percent of MIG, 10.82 percent of UMIG and 7.68 percent of

Table 4.6 Details on consumption and expenditure of corn flakes

Sl. No.	Income Group	No of households	Average quantity consumed (Kg/HH /month)	Aggregate quantity consumed (Kg/group /month)	Total Expenditure (Rs/month/ group)
1	LIG	2 (1.92)	0.48	1.25 (1.32)	550 (1.32)
2	LMIG	17 (16.34)	0.56	14 (14.89)	6160 (14.89)
3	MIG	40 (38.46)	0.57	34 (36.17)	14960 (36.17)
4	UMIG	26 (25)	0.67	25 (26.59)	11000 (26.59)
5	HIG	12 (11.53)	0.76	12 (12.76)	5280 (12.76)
6	VHIG	7 (6.73)	1.06	7.75 (8.24)	3410 (8.24)
Grand Total		104 (100)	0.63	94 (100)	41360 (100)

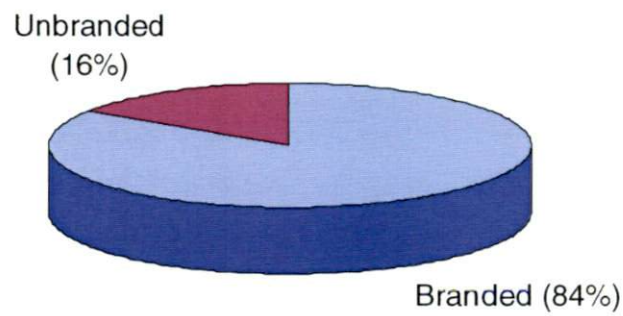
Note: Figures in parentheses denote percentage to grand total

Table 4.7 Number of households buying branded wheat flour

Sl. No.	Income group	Branded	Unbranded	Total
1	LIG	5 (62.5)	3 (37.5)	8
2	LMIG	30 (71.42)	12 (28.58)	42
3	MIG	56 (88.88)	7 (11.12)	63
4	UMIG	33 (89.18)	4 (10.82)	37
5	HIG	12 (92.30)	1 (7.68)	13
6	VHIG	7 (100)	0 (0.00)	7
Total		143 (84.11)	27 (15.88)	170

Note: Figures in parentheses denote percentage to grand total

Figure 3: Number of Households Buying Wheat Flour



HIG were purchasing unbranded wheat flour. Among VHIG all the respondents purchased branded wheat flour.

4.2.6 Frequency of purchase of processed cereal food products

The purchase interval of processed cereal food products by different category of households is furnished in table 4.8. In the case of Wheat Flour it could be observed that monthly purchase of the product was a common practice among 131 (79.02%) consumers, followed by fortnightly purchase with 15 (9.09%) consumers. Thrice a week being the least with only four (2.79%) households on the other hand seven (4.89%) and six (4.19%) consumers purchased Wheat Flour twice a week and once a week respectively.

The highest number of respondents (56) purchased noodles with the interval of once in a month, which accounted for 42.10 percent of sample households, viz, 13 (9.77%) purchased once a week. Around 27 (20.30%) households purchased Noodles thrice in a week, followed by 20 (15.03%) respondents buying twice a week. About 17 (12.78%) consumers purchased Noodles on fortnightly basis.

The classification of consumers according to interval of purchase for Corn Flakes revealed that majority, i.e. 45 (43.26%) of the sampled households purchased on monthly basis, followed by 37 (35.57%) consumers who purchased on fortnightly basis. Thrice a week, twice a week and once in a week had 11 (10.57%), eight (7.69%) and three (2.88%) consumers in that order.

4.2.8 Source of information about branded processed cereal food products

An analysis of the sources of information for buying branded processed cereal food products is presented in table 4.9. The

Table 4.8: Frequency of purchase of branded processed cereal food Product

(No. of HH)

Sl. No	Category	Wheat Flour	Noodles	Corn Flakes
1	Twice a week	7 (4.89)	20 (15.03)	8 (7.69)
2	Thrice a week	4 (2.79)	27 (20.30)	11 (10.57)
3	Once a week	6 (4.19)	13 (9.77)	3 (2.88)
4	Fortnightly	15 (9.09)	17 (12.78)	37 (35.57)
5	Monthly	131 (79.02)	56 (42.10)	45 (43.26)
Grand Total		143 (100)	133 (100)	104 (100)

Note: Figures in parentheses denote percentage to grand total

advertisements were the main source of information about the branded processed cereal food products to the majority, (75) occupying for 52.44 percent of the households. A word of mouth by neighbours is the other important source of information to 23 (16.02%) households. The favourable briefing by he retailer and the point of sale display was also a source of information to 5 (3.49%) households. Friends and relatives provided information to 22 (15.38%) of the households. 18 (12.58%) households indicated that they were brought up with the brand they were using.

In the case of Corn Flakes, 50 (48.07%) households purchased the brand they were using after being exposed to the advertisements and about 23 (22.11%) households sourced the information from the shops from where they purchased the product. Neighbours had provided information to 15 (14.42%) consumers about the brand. About 9 (8.65%) households indicated that they were brought up with the brand and 7 (6.73%) households got the information about the product from their friends and relatives which included children.

Advertisement through different media was the source of information to 80 (60.15%) households consuming noodles, followed by brought up with the brand for 20 (15.03%). Whereas, 10 (7.51%) consumers sourced information from their friends and relatives. Shops provided information to 12 (9.02%) consumers and the neighbours provided information to 11 (8.27%) households.

4.2.9 Duration of use of branded processed cereal food Products

In the present study an attempt was made to know since how long the consumers have been using the branded cereal food products which are shown in table 4.10 Tabulation for Wheat Flour shows that 120 (83.91%) sample respondents were using branded Wheat Flour for more

Table 4.9: Source of information about branded processed cereal food products

(No. of HH)

Sl. No.	Category	Wheat Flour	Noodles	Corn Flakes
1	**Advertisements**	75 (52.44)	80 (60.15)	50 (48.07)
2	**Brought up with it**	18 (12.58)	20 (15.03)	9 (8.65)
3	**Friends and relatives**	22 (15.38)	10 (7.51)	7 (6.73)
4	**Neighbours**	23 (16.02)	11 (8.27)	15 (14.42)
5	**Shop influence**	5 (3.49)	12 (9.02)	23 (22.11)
Grand Total		143 (100)	133 (100)	104 (100)

Note: Figures in parentheses denote percentage to grand total

than 3 years, 11 (7.69%) households since 2-3 years, followed by 7 (4.89%) households using it from past 1-2 years. Only 5 (3.49%) households have started using branded Wheat Flour from the last 6 months to 1 year.

An examination of duration of usage of Noodles shows that 108 (81.20%) households were using noodles for more than 3 years which is followed by 20 (15.03%) households who consume from past 2-3 years. About 5 (3.75%) households of the sampled respondents started buying Noodles for the past 1-2 years.

Analysis pertaining to Corn Flakes revealed that 56 (53.84%) households were using Corn Flakes for more than 3 years. 27 (25.96%) were from past 2-3 years. 10 (9.61%) and 9 (8.65%) of households were using Corn Flakes from past 1-2 years and 6 months to 1 year respectively. Only 2 (1.92%) households had started using Corn Flakes from less than 6 months.

4.2.10 Household decision making pattern for buying branded processed food products

An examination of distribution of buying decision is made and presented in table 4.11.In the case of LIG, Housewife is the lone decision maker in 5 (62.50%) households of LIG. Husband alone took decision in 2 (25.00%) households and in one (12.50%) household it was by both husband and wife jointly.

Among LMIG, a maximum of 23 (54.76%) households made buying decision by the housewives and the least by others one (2.38%). Mother in-law, husband and jointly by husband and wife took decision in 7 (16.66%), 6(14.28%) and 5 (7.93%) households respectively. In the case of MIG in 35 (55.55%) of the sampled households the housewife's took

Table 4.10: Duration of use of branded processed cereal food Products

(No. of HH)

Sl. No	Category	Wheat flour	Noodles	Cornflakes
1	1-6 months	--	--	2 (1.92)
2	6 months – 1 year	5 (3.49)	--	9 (8.65)
3	1-2 years	7 (4.89)	5 (3.75)	10 (9.61)
4	2-3 years	11 (7.69)	20 (15.03)	27 (25.96)
5	>3years	120 (83.91)	108 (81.20)	56 (53.84)
Grand Total		143 (100)	133 (100)	104 (100)

Note: Figures in parentheses denote percentage to grand total

decision, followed by 13 (20.63%) households where the husbands took the buying decision. In six (9.52%) of the households husband and housewives jointly made buying decision, while in five (7.93%) households it was by mother-in-law and in four (6.34%) by others.

While in 20 (54.05%) households belonging to UMIG buying decision was made by housewives as compared to husbands in 9 (24.32%) households. A smaller number viz. six (16.21%) and two (5.40%) households purchase decision was jointly by husband and wife and by others respectively. Among 13 households of HIG, housewives took buying decision in six (46.15%) households and jointly by husband and wife in three (23.07%) households. Husband, mother in-law and others took buying decision in two (15.38%), one (7.69%) and one (7.69%) households in that order.

VHIG records also showed that in a higher percentage of three (42.85%) households buying decision was taken by housewives, followed by decision taken by others in two (28.57%). Husband and joint buying decision was taken in one (14.28%) household each. Here others refer to working person, house maid and so on.

Thus, it may be noted here that in a majority 92 (42.85%) of the households surveyed, housewives took buying decisions, followed by husband's 33 (19.41%). Mother in- law and others took buying decision in 13 (7.64%) and 10 (5.88%) households. In 22 (12.94%) households purchase decisions were made jointly by husband and wife.

4.3 Factors influencing preference for branded food products

The factors influencing the purchase of branded food products were examined using the factor analysis. Factor analysis can

Table 4.11: Household decision making pattern for buying branded processed food

(No. of HH)

Sl. No	Decision maker	Income Groups						Total
		LIG	LMIG	MIG	UMIG	HIG	VHIG	
1	House wife	5 (62.50)	23 (54.76)	35 (55.55)	20 (54.05)	6 (46.15)	3 (42.85)	92 (54.11)
2	Husband	2 (25.00)	6 (14.28)	13 (20.63)	9 (24.32)	2 (15.38)	1 (14.28)	33 (19.41)
3	Jointly by Husb. and wife	1 (12.50)	5 (11.90)	6 (9.52)	6 (16.21)	3 (23.07)	1 (14.28)	22 (12.94)
4	Mother in-law	--	7 (16.66)	5 (7.93)	--	1 (7.69)	--	13 (7.64)
5	Others	--	1 (2.38)	4 (6.34)	2 (5.40)	1 (7.69)	2 (28.57)	10 (5.88)
Total		8 (100)	42 (100)	63 (100)	37 (100)	13 (100)	7 (100)	170 (100)

Note: Figures in parentheses denote percentage to grand total

accommodate a large number of variables and reduce the information to a convenient size.

The factors from the variables which were considered from factor analysis were quality, brand consciousness, price consciousness, health consciousness, advertisement, influence by others and packing. The factor analysis scores and statistics of fit are indicated in table 4.12. There were five variables each found loaded to each factor. Only those variables that were found to have highly significant effect upon the dependent variable are presented in the table 4.12.

The KMO measure of sampling adequacy is found to be 0.74 after excluding the skewed variables from the analysis. In the present study, out of the above considered factors, only the first 4 factors are known to have considerable influence on the purchase behaviour of consumers.

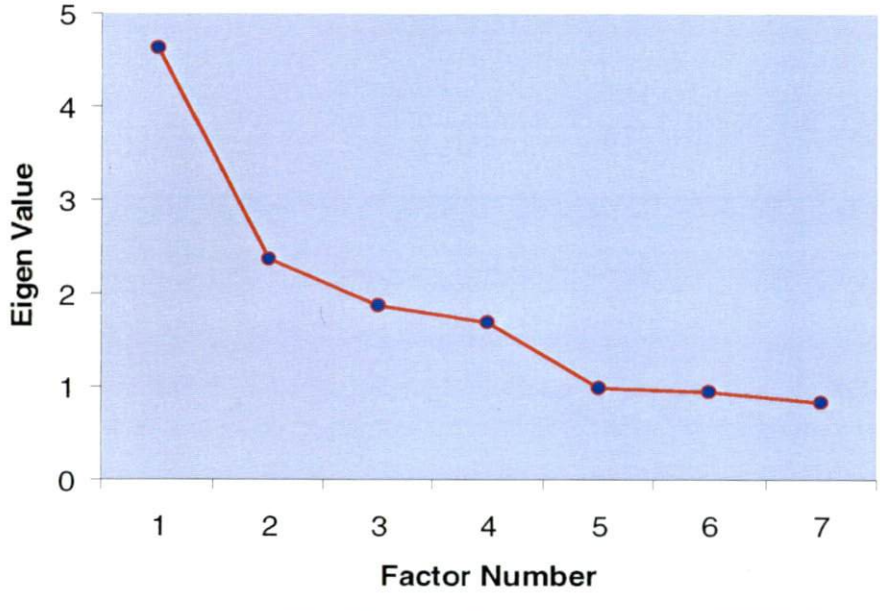
According to the Kaiser-Guttman rule the factors, which had eigen values more than 1 were considered in the study. They were quality, brand consciousness; price consciousness and health consciousness which put together explained 81.67 percent of the total variation in purchase behaviour.

The table 4.12 indicates that, the first component explained 34.48 percent variance, followed by second factor which explained 21.40 percent of variance. The third and fourth factors explained 14.48 and 11.31 percents respectively. A plot of eigen values and number of factors is called scree plot, in which the factors which fall before the curve becomes flat are considered.

Table: 4.12: Total variance explained by Factor analysis.

Sl. No	Component	Eigen values	% of variance	Cumulative %
1	**Quality**	4.635	34.48	34.48
2	**Brand Consciousness**	2.368	21.40	55.88
3	**Health consciousness**	1.866	14.48	70.36
4	**Price consciousness**	1.691	11.31	81.67
5	**Advertisement**	0.979	09.47	91.14
6	**Influence by others**	0.952	05.52	96.66
7	**Packing**	0.837	03.34	100.00

Figure 4: Scree Plot Showing Number of Factors



The table 4.13 gives the rotated factor matrix scores for identified factors. Here rotation is done to redistribute the variance. This explains the factors, which have higher loadings of variables included in the study. The higher the factor loadings, higher will be its association with the dimension. Thus, it is a general practice to discuss the variables, with respect to a dimension on which they had higher factor loadings. The table shows that in the first principle component, quality of the product has highest loadings, followed by brand consciousness. Other factors like health and price consciousness were positively influencing the buying decision with high loadings. The loading first factor and the variable 'it assures quality' is 0.75. This implies that square of 0.75 i.e. 0.5625 of variance in that variable is explained by factor one. This is same for other variables included in the study as indicated in the table.

4.4 The brand loyalty and switching pattern for branded processed cereal food products.

To study brand loyalty and switching pattern of different brands of wheat flour and noodles, first order Markov process was employed. Transitional probability matrix was developed for all the given products which gave the information about the net gain or loss of any brand to its competitors.

4.4.1 Brand loyalty and switching pattern of wheat flour

Transitional probability matrix for wheat flour is developed and presented in the table 4.14. The table indicates that the brand Aashirvaad retained maximum number of consumers with 83.4 percent which is followed by 81.2 percent of unbranded wheat flour category. Others retained 76.9 percent, Annapurna 76.6 percent and Pillsbury 72.9 percent.

Table 4.13: Rotated factor matrix for identified factors

Sl.No	Variables	Factor1	Factor2	Factor3	Factor4
1	It Assures Quality	0.75	--	--	--
2	Superior than Unbranded	0.64	--	--	--
3	Made as per Requirements	0.61	--	--	--
4	Can Choose from Good Flavors	0.58	--	--	--
5	No Adulterations	0.57	--	--	--
6	Prepared Out of Choice Ingredients	--	0.75	--	--
7	Cosmopolitan Appeal	--	0.75	--	--
8	Status Symbol	--	0.65	--	--
9	Recognised Brands are Trust Worthy	--	0.51	--	--
10	I'm Brought up with the Brand	--	0.46	--	--
11	Precise in Nutrient Information	--	--	0.75	--
12	It is Healthy	--	--	0.73	--
13	Fresh for Long	--	--	0.68	--
14	Ingredients are Displayed	--	--	0.59	--
15	Fortified with extra Vitamins	--	--	0.54	--
16	It Fits my Budget	--	--	--	0.68
17	Good Value for Money	--	--	--	0.67
18	Can Shop According to Needs	--	--	--	0.64
19	Products are Semi Prepared	--	--	--	0.59
20	Cost Effective	--	--	--	0.57

Aashirvaad gained maximum consumers from unbranded wheat flour with 5.7 percent followed by Annapurna 4.4 percent, Pillsbury 4.1 percent, others 2.4 percent. It lost its market share to Annapurna 6.3 percent, Pillsbury 7.4 percent, others 2.9 percent.

Annapurna gained consumers from Pillsbury 13.2 percent followed by Aashirvaad 6.3 percent, unbranded 2.5 percent and others 1.4 percent. It lost its market share to Pillsbury 11.1 percent, others 6.6 percent, 4.4 percent to Aashirvaad and 1.3 percent to unbranded wheat flour.

Pillsbury gained market share from Annapurna 11.1 percent, Aashirvaad 7.4 percent, 5.4 percent from unbranded and 3.2 percent from others. It lost its maximum customers to Annapurna 13.2 percent followed by 8.4 percent to others, 4.1 percent to Aashirvaad and 1.4 percent to unbranded wheat flour.

Unbranded wheat flour gained 16.1 percent consumers from others followed by Pillsbury and Annapurna at 1.4 and 1.3 percents respectively. Unbranded wheat flour lost its market share to Aashirvaad 5.7 percent, Pillsbury 5.4 percent, others 5.2 percent and Annapurna 2.5 percent.

Other brands such as Shakti Bhog and Athulya gained consumers from Pillsbury and Annapurna 8.4 and 6.6 percents respectively and from unbranded 5.2 percent and Aashirvaad 2.9 percent. They lost their market share to unbranded wheat flour amounting to 16.1 percent, 3.2 percent to Pillsbury, 2.4 percent to Aashirvaad and 1.4 percent to Annapurna brand.

Table 4.14 Transitional probability matrix for Wheat Flour

Sl. No	Wheat Flour	Aashirvaad	Annapurna	Pillsbury	Unbranded	Others
1	**Aashirvaad**	**0.834**	0.044	0.041	0.057	0.024
2	**Annapurna**	0.063	**0.766**	0.132	0.025	0.014
3	**Pillsbury**	0.074	0.111	**0.729**	0.054	0.032
4	**Unbranded**	0.000	0.013	0.014	**0.812**	0.161
5	**Others**	0.029	0.066	0.084	0.052	**0.769**

4.4.2 Brand loyalty and switching pattern of noodles

Transitional probability matrix for noodles is developed and presented in table 4.15. The table indicates that the brand Maggie retained maximum number of consumers with 82.9 percent which is followed by 81.9 percent of other noodles category. Top Ramen had retained 79.9 percent of the consumers.

Maggie gained maximum 13.4 percent consumers from other brands followed by Top Ramen at 3.7 percent. It lost its market share to Top Ramen 15.4 percent and 1.7 percent to other brands of noodles.

Top Ramen gained market share from Maggie and others amounting to 15.4 percent and 4.7 percent respectively. It lost its maximum customers to other brands 16.4 percent followed by 3.7 percent to brand Maggie.

Other brands such as MTR, Wai wai, and Ching's secret gained consumers from Maggie 13.4 percent and Top Ramen with 4.7 percent. Other brands lost its market share to Top Ramen 16.4 percent and Maggie 1.7 percent.

4.4.3 Reasons for shifting the brands of cereal food products

Reasons to switch over is analysed and presented in table 4.16. According to which in case of Wheat Flour 47 (31.12%) households indicated that quality of the product was the reason for shifting the brand. 26 (17.21%) households were influenced by advertisement of the brand. Taste of the Wheat Flour influenced 25 (16.55%) households followed by 17 (11.25%) households shifted due to convenience. Attractive package of the product made 14 (9.27%) consumers to switch. Favourable endorsement by friends and family which included influence of children brought about 12 (7.94%) households to switch to other

Table 4.15 Transitional probability matrix for noodles

Sl. No	Noodles	Maggie	Top Ramen	Others
1	**Maggie**	**0.829**	0.037	0.134
2	**Top Ramen**	0.154	**0.799**	0.047
3	**Others**	0.017	0.164	**0.819**

brands. About 10 (6.62%) consumers were influenced by other reasons such as colour of the Flour, market dominance of the brand, status symbol, increased shelf life, smoothness in the rotis and whim to switch to other brand.

Analysis of reasons for shifting of brands of Noodles indicate that taste of the product influenced 52 (37.68%) consumers to switch their brands which was followed by 34 (24.63%) households who switched after being exposed to advertisements of the Noodles. 25 (18.11%) and 19 (13.76%) households were influenced to shift their brand by quality and children preference which for a smaller extent includes influence of friends and relatives respectively. Other reasons such as market dominance of the brand, palatability, trying new brands and so on influenced 8 (5.79%) households to switch from the brand they were using.

4.5 Market share of various brands.

The market share of branded cereal products both by number of households buying and quantity of products bought were analysed for different brands of Wheat Flour and Noodles. The current market share and predicted market share for branded processed cereal food products were calculated.

The current period market shares were obtained by proportions of number of buyers buying different brands of one product to total number of buyers of same product. The predicted market share was calculated by multiplying transitional probability matrix by current market shares of different brands of the processed food products.

Table 4.16: Reasons for shift in branded processed cereal food products

Sl. No	Category	Wheat Flour	Noodles
1	Advertisements	26 (17.21)	34 (24.63)
2	Attractive Packing	14 (9.27)	--
3	Quality	47 (31.12)	25 (18.11)
4	Convenience	17 (11.25)	--
5	Family and Friends	12 (7.94)	19 (13.76)
6	Taste	25 (16.55)	52 (37.68)
7	Others	10 (6.62)	8 (5.79)
Grand Total		151 (100)	138 (100)

Note: Figures in parentheses denote percentage to grand total

4.5.1 Market share of wheat flour brands

The market share of different brands of Wheat Flour according to the number households consuming the product and quantity purchased for sampled consumers is provided in the table 4.17. It is clear that Aashirvaad brand had highest market share with 38.33 percent of consumers, which was followed by 21.84 percent of Annapurna brand. Least market share was occupied by other brands such as Shakti Bhog and Athulya about 4.88 percent. Pillsbury and unbranded wheat flour occupied 17.43 percent and 17.18 percent respectively. It could be observed from the table that there was hardly any deviation in the market share among the sample surveyed in terms of quantity and number of households buying the branded food with about 1 to 3 percent variation.

4.5.2 Market share of noodles brands

Market share for different brands of Noodles was analysed and is furnished in table 4.18. It is evident from the table that Maggie had maximum average market share of 76.72 percent among sample respondents followed by 17.49 percent of Top Ramen. Other brands such as MTR, Wai Wai and Ching's secret totally put together share 5.78 percent of market share. The table furnishes that there is negligible difference in market share of noodles brands in terms of quantity purchased and number of households among the sample.

4.5.3 Identifying the combination of products that will attract the largest market-share:

TURF Analysis is very useful for market research, especially when used to optimize the unduplicated purchase intent of potential products. The largest number of consumers can be appealed to with the least number of products or offers. The TURF algorithm identifies the optimal product line to maximize the total number of consumers who will

Table 4.17 Market share of wheat flour (percent)

Sl. No	Brands	Quantity Purchased Per Month (Percent)	Current (%of HH)	Future (% of HH)			Average market share
			May	June	July	August	
1	Aashirvaad	40.78	41.17	39.16	36.85	36.16	38.33
2	Annapurna	25.48	23.52	22.15	21.22	20.47	21.84
3	Pillsbury	15.18	16.47	17.24	17.79	18.23	17.43
4	Unbranded	15.50	15.88	16.95	17.68	18.24	17.18
5	Others	3.02	2.35	4.23	6.29	6.67	4.88
Total		100	100	100	100	100	100

Table 4.18 Market share of noodles (percent)

Sl. No	Brands	Quantity Purchased Per Month (Percent)	Current (% of HH)	Future(% of HH)			Average market share
			May	June	July	August	
1	Maggie	79.50	81.20	79.8	72.6	73.3	76.72
2	Top Ramen	17.53	15.78	16.1	17.8	20.3	17.49
3	Others	2.96	3.02	4.1	9.6	6.4	5.78
Total		100	100	100	100	100	100

purchase at least one SKU (Stock Keeping Unit) and, at the same time, minimize consumer overlap across all the flavours.

4.5.3.1 Turf analysis for wheat flour

There were 170 respondents who rated their likelihood to purchase 5 different brands of wheat flour. 'Definitely would purchase' responses are used for this TURF analysis and the results are furnished in the table 4.19. The results could be interpreted from the table as follows.

Aashirvaad reaches 49% of respondents; Summing all 5 brands initial reaches together results in a total over 100%. This is because those reached by one of the brand may have been reached by others. Since Aashirvaad has the highest initial reach we will assume here that it is our best option for the first product in the mix. Annapurna reaches an additional 26% of respondents not reached by Aashirvaad. Pillsbury only reaches an additional 6% of respondents which are not already reached by Aashirvaad and Annapurna. The total reach with Aashirvaad, Annapurna and Pillsbury is 81%. The maximum reach we can attain with all the 5 brands is 82% of consumers.

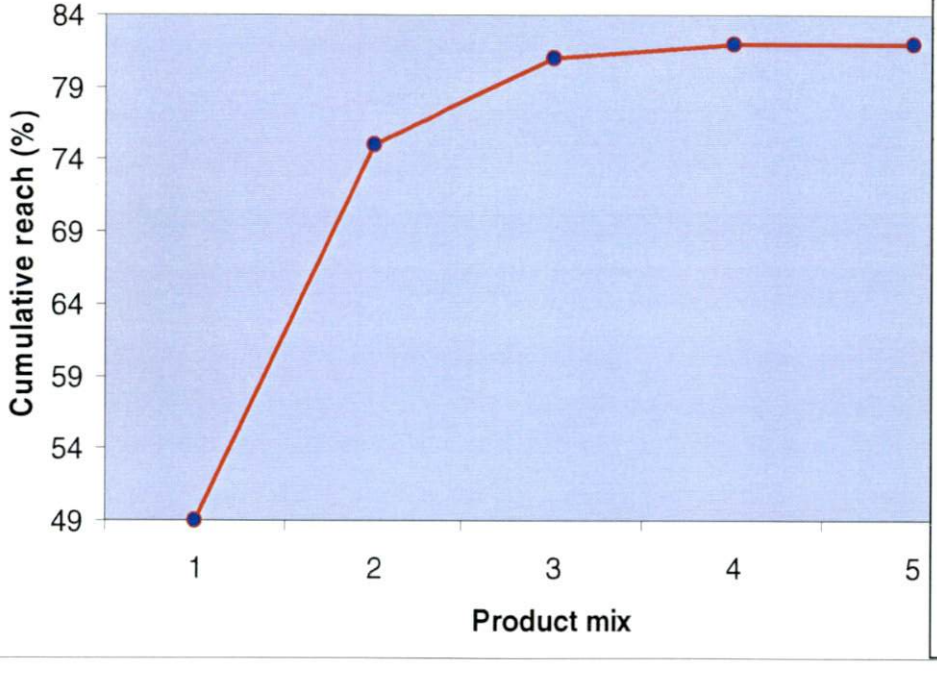
4.5.3.2 Turf analysis for noodles

There are 5 brands for noodles; the cumulative frequency we can attain with these 5 brands is 87% of respondents. The best product line combination to maximize the reach with minimum number of brands is 2 which reach 85% of the respondents. Among which Maggie alone reaches 80% of the sampled respondents followed by Top Ramen which reaches an additional 5% which is not reached by Maggie.

4.5.3.3 Turf analysis for corn flakes

In the case of cornflakes, Kellogg's is the market leader which wants to know which are the best flavours to offer, so as to maximise

Figure 5: Turf Analysis for Wheat Flour



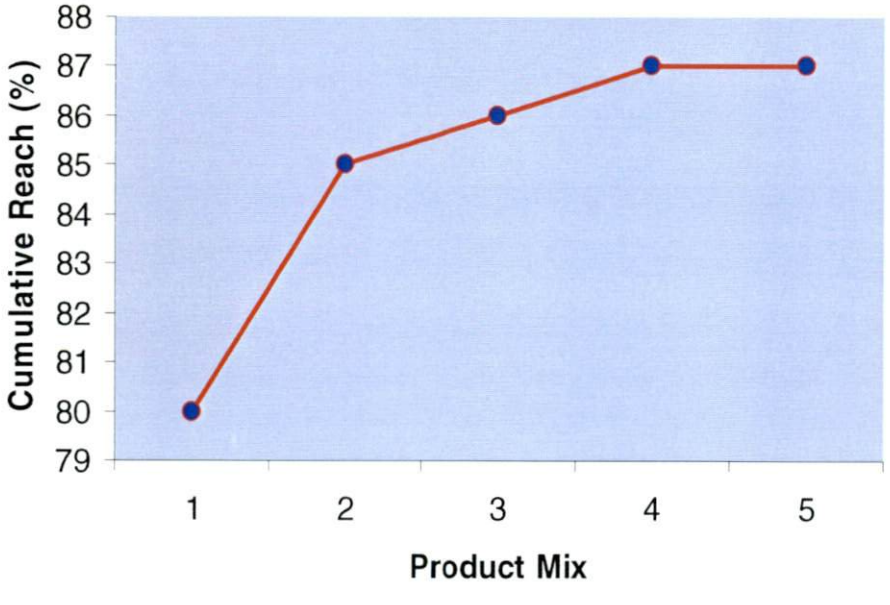
1- AS
2- AS+AN
3- AS+AN +PL
4- AS+AN +PL +SK
5- AS+AN +PL +SK+ AT

AS= AASHIRVAAD
AN= ANNAPURNA
PL= PILLSBURRY
SK= SHAKTI BHOG
AT= ATULYA

Table 4.20: Turf analysis for Noodles

Sl. No	Product	Maggie	Ma+TR	Ma+TR+ 1to3	Ma+TR+1 to3+Wai	Ma+TR+ 3+Wai+
1	Maggie	80%				
2	Top Ramen	52%	5%			
3	1 to 3	28%	4%	1%		
4	Wai Wai	17%	2%	1%	1%	
5	Ching's secret	12%	1%	1%	1%	
Cumulative Reach		80%	85%	86%	87%	8

Figure 6: Turf Analysis for Noodles



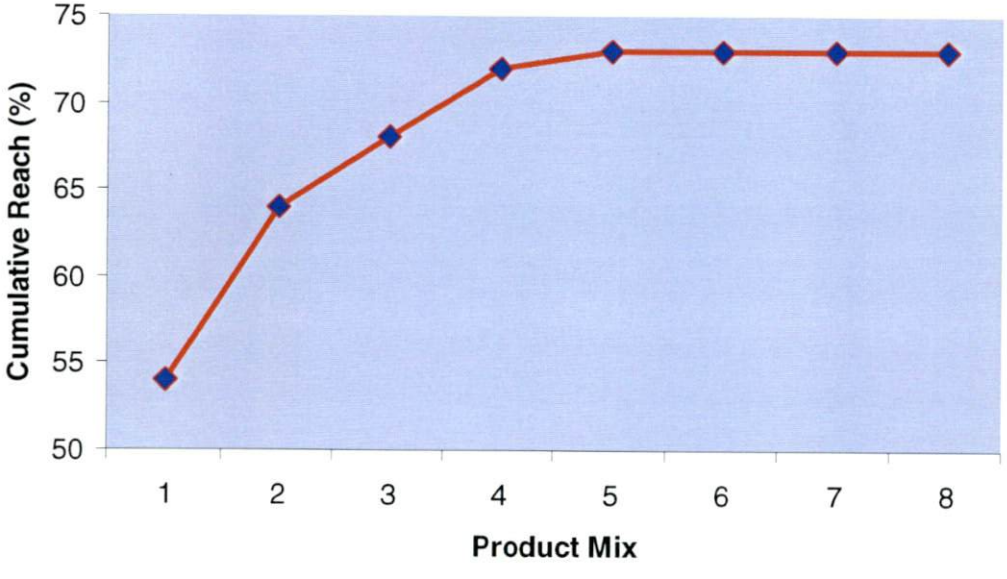
1- M
2- M+TR
3- M+TR+1 to 3
4- M+TR+1 to 3 +WW
5- M+TR+1 to 3 +WW+CS

M= MAGGI
TR= TOP RAMEN
1 to 3= 1 to 3 NOODLES
WW= WAI WAI
CS= CHING'S SECRET

Table 4.21 Turf analysis for corn flakes

Sl. No	Product	H	HI	HIS	HISB	HIS BC	HIS BCM	HISB CMA	HISB CMAF
1	Honey	54%							
2	Iron	46%	10%						
3	Straw Berry	41%	9%	5%					
4	Banana	37%	7%	3%	4%				
5	Choco smack	33%	6%	3%	3%	1%			
6	Mango	26%	5%	2%	2%	1%	0%		
7	Almond	18%	5%	2%	2%	1%	0%	0%	
8	Froot loops	13%	3%	2%	1%	0%	0%	0%	0%
Cumulative Reach		**54%**	**64%**	**69%**	**72%**	**73%**	**73%**	**73%**	**73%**

Figure 7: Turf Analysis for Corn Flakes



1- H
2- H+I
3- H+I+S
4- H+I+S+B
5- H+I+S+B+C
6- H+I+S+B+C+M
7- H+I+S+B+C+M+A
8- H+I+S+B+C+M+A+F

H= HONEY
I = IRON
S= STRAWBERRY
B= BANANA
C= CHOCOSMACK
M= MANGO
A= ALMOND
F= FRUIT LOOPS

the reach, taking care of limited shelf space which is presented in table 4.21. From the table it is clear that, Honey reaches 54% of respondents; thus, our cumulative reach with one product in the mix is 54%. Iron reaches an additional 10% of respondents not reached by honey. Honey and iron together reach (54%+10%) = 64% of respondents. If we were to add a third product to the line, strawberry would be our best choice. However, it only reaches an additional 5% of respondents which is followed by banana which reaches an additional 4% of the respondents.

4.6 Product promotion and retail management strategies: A case study of ITC

ITC was established on August 24, 1910 as the Imperial Tobacco Company of India Limited in Kolkata. Initially, the company was involved in the trading of imported cigarettes. In 1925, in a backward integration move, the company started a packaging and printing business. The name of the company was changed to India Tobacco Company Limited (I.T.C. Ltd.) in 1974. In 1975, I.T.C. Ltd., through ITC-Welcomgroup, tied up with the US-based Sheraton Corporation to enter the hospitality industry. It acquired its first hotel in Chennai in Tamil Nadu.

ITC made its entry into the branded & packaged Foods business in August 2001 with the launch of the Kitchens of India brand. A more broad-based entry has been made since June 2002 with brand launches in the Confectionery, Staples and Snack Foods segments.

All products of ITC's Foods business available in the market today have been crafted based on consumer insights developed through extensive market research. Apart from the current portfolio of products, several new and innovative products are under development in ITC's state-of-the-art Product Development facility located at Bangalore.

The Foods business is today represented in 4 categories in the market. These are:

- Ready To Eat Foods
- Staples
- Confectionery
- Snack Foods

ITC assures its consumers of the highest standards of food safety and hygiene. The unwavering commitment to internationally benchmarked quality standards enabled ITC to rapidly gain market standing in all its 5 brands:

- Kitchens of India
- Aashirvaad
- Sunfeast
- Mint-O
- Candyman
- Bingo!

ITC entered the branded Atta market with the launch of Aashirvaad Atta in Jaipur and Chandigarh on 26th May 2002. The product is now available all over India.

'Aashirvaad' promises the Indian housewife the joy of providing her family with the most delightful home-made rotis, made from the finest quality atta.

Sourcing of wheat

'Aashirvaad' is made from finest quality wheat that ITC has the unique capability to source through its e-Choupal network. ITC uses the sourcing strength of its e-Choupals to buy wheat directly from the

farmers. By cutting the middlemen out, it saves 2 per cent on cost of wheat, which is significant in a low-margin commodity business; and the company classifies the quality of wheat and stores it separately so it does not mix with any inferior varieties.

ITC also procures wheat directly from the farmers in the Mandis. There will be a glut in the market during March- April resulting in low price. ITC purchases wheat required for the entire year during this season and stores it in scientifically maintained huge godowns. It helps in price stabilization of atta.

Production of atta

With the objective of preserving customer health and safety, the Foods business ensures adherence to the highest levels of quality standards in manufacturing and selling its packaged branded products.

The business operates on a model of outsourced manufacturing. The base premise of the agreements with the manufacturers is adherence to quality standards, which are more stringent than existing statutory requirements. Through systems of quality monitoring at each location, the quality performance of each manufacturer is monitored on a daily basis apart from quality audits conducted from time to time. The supply chain ensures highest levels of hygiene across the material/product handling chain. The selection of vendors, manufacturing locations and storage locations are all based on the hygiene norms set by the business.

Packing of Aashirvaad

ITC Foods also aims to delight the consumer through superior and innovative packaging. The Aashirvaad package is PET Poly, with the design showcasing the farming process undertaken in the rural heartland of India. 'Aashirvaad Select' Atta (2 kg pack) was awarded the

'World Star Award' for Excellence in Packaging in the Consumer Pack Category. This is one of the most prestigious awards in the world for Packaging.

Product promotion

There are two types of strategies. There is a brand level strategy, tactical inputs and the trade schemes which brand team provides which aim to increase the trade.

There are two types of trade schemes

1. Trade level

a. Higher margin to the retailer: to overcome the disadvantages of late entry into food business ITC is giving higher margin to the retailers.

b. Display contest: It benefits both trade and the retailer where the company gives some money or gift to the retailer to display the company's product which in turn inscribes the signature of the brand in thc minds of the consumer.

2. Consumer level

Company runs consumer promos which are brand team driven initiative. Marketing division does not decide the promos to be held. The format for the promo to be mentioned on the pack is given by the brand team.

Ex: a. toy free with biscuits

b. 1 kg salt free with 1 kg atta

Advertisement

Marketing and promotional spends will be tailored according to necessity. ITC has earmarked a 20 percent of its sales for advertising and sales promotion, which should grab a good deal of media space.

Advertisement for atta is very minimum since atta is a core product and not subject to impulsive purchase. There is no much advertisement in north India as atta is a staple food product. So ITC performs some sampling activity in the retail outlet which is referred to as "Below the line activity".

Where as this is not the case in south India as atta is a novelty product and considered as health supplement where in the consumer needs some understanding and experience about the product which in turn supports the advertising prospect.

Position of ITC atta

Aashirvaad atta is the number one flour brand with a 40 per cent market share, is now selling about 4,000 tonnes a month, virtually forcing Unilever to slow down its Annapurna atta. The company has syndicated audited numbers by A C Nielson which is a recognized private market research association. They cover a range of products from about 65 companies. They collect the data in about 35 cities throughout the country.

ITC purchases the research data which is done at two levels

1. Retail panel/ outlet level

2. Household panel/ consumer level

1. Retail panel

The research association will conduct a survey about ITC's presence in the various retail outlets. It also finds whether ITC's products are present in the right outlet.

2. Household panel

The research association identifies a set of panel houses and provides them with a log chart and a dust bin. Whenever the consumer

consumes the product they are expected to make an entry in the chart and put the package of the product into the dustbin.

Apart from the above methods ITC also gets the data from the manufacturers. All the above methods show Aashirvaad stands first in the atta market

Competitors

Aashirvaad is the only brand of atta which sells throughout the country. The superior quality combined with the fair price is playing a big role in its market dominance. It is a great product put in at a time when its competitors wavered in their product quality. Some of its competitors are

Shakti Bhog: Operating in North India

Ganesh Bhog: Operating in East India

Annapurna: Operating in Karnataka, Andhra Pradesh, Kerala

Pillsbury: Operating in Karnataka, Tamil Nadu, Kerala

Shakti Bhog being the major competitor constitutes about 30percent of total atta market.

Distribution and retailing

The key element ITC is leveraging for the foods business is its tobacco distribution chain. It has over 1.5 million tobacco retailers across the country, larger than Unilever's distribution chain of over 1 million, virtually neutralizing the fact that it is a latecomer in the foods game. ITC created a separate distribution system to sell Aashirvaad atta and other FMCG products through Kirana stores (3, 50,000 outlets).

During the current financial year, the company's food division will concentrate mainly on strengthening of its distribution network.

At the other end the e-Choupal has become an alternative distribution channel for ITC products. About 10-15 percent atta volumes are sold through this chain. And the numbers will grow once more Choupal Sagars get going.

Margin to the retailer varies from place to place and time to time which depends on the price of the product which in turn depends on price of raw material and manufacturing cost in that geographical location. ITC maintains different blend of atta in different places as consumer taste preferences in various markets demand their own kinds of wheat.

ITC do not have direct business with the retailers, except Reliance and Metro. ITC instead has several distributors who take care of the retailing in a particular market. There are about 65-70 distributors in Bangalore and about 60 salesmen working under each. The distributor lifts the product directly from the company once a week with order being placed a day before.

Payment details

ITC does not dictate terms to the retailer since it does business only with the distributor. With the best interest of the business the distributor provides credit up to 14 days. The transport cost is completely borne by the distributor himself. ITC has built in margin with different distributor in accordance with geographical location.

Customer Readdresal Mechanism

To ensure continuous compliance with the statutes, there is an internal mechanism of checks and compliance certification by operating managers. Behind every pack of ITC product a toll free number is provided to which the consumer can call up with any of his queries and suggestion or complaints and get satisfactory solution from the various levels of management personnel. The consumers can also get in touch through e-mails, for which there is a separate external agency.

The consumer queries are first taken up by the brand team which in turn is forwarded to the marketing manager of the respective location. The manager who hires an external agency directs them to meet the consumer in person and collect the sample in question. The collected sample is handed over to the quality analysis cell, where in the problem is an identified and consequently necessary step are taken to satisfy the consumer.

Other accounts

ITC has direct supply to retail giants like Reliance, Metro etc, in such cases special pricing is followed at negotiable levels which normally does not change with respect to market fluctuations. Special schemes are not applicable when business deals are made with such accounts because of special pricing.

1. No extra incentives are provided to the retail outlets
2. No blocking of retail outlets on legal basis but can be done on relation basis in case of bulk deals.

3. Bulk deals are carried out with the wholesaler with provision of incentives according to the sales made by them.
4. ITC organizes display contest to make sure the increase in sales. Stocking in retail outlets is not followed as the extra product on expiry will come back to the company itself.
5. ITC participates in consumer expo by tying up with some programme and other such events for which the brand team has to give the permission and financial assistance.

Discussion

Chapter V
DISCUSSION

The results of the study presented in the previous chapter are discussed in detail in this chapter under the following heads. Further the findings from similar studies done elsewhere are compared and contrasted to construe the findings which follow the same order of presentation.

5.1 Socioeconomic profile of the respondents
5.2 Consumption pattern of households
5.3 Factors influencing consumption pattern of branded food products
5.4 The brand loyalty and switching pattern for branded food
5.5 Market share of various brands
5.6 Product promotion and retail management strategies of ITC

5.1.1 Socioeconomic profile of the respondents.

Socioeconomic characteristics of the consumers influence the lifestyle and consumption behaviour. It can be appraised from table 4.1 and can be found that the average family size was 4 with one to two children per household. An average of two members from each family is employed. The average per family expenditure on consumption of food items is about Rs. 5187. On an average each household spent about Rs.1000 on branded food products.

5.1.2 Characteristics of sample customer households

The highest percentage (54%) of Indian population as per 2001 censes is in the age group of below 25 years. In the study sample too more than 50 percent of the respondents are under 35 years of age. 70 percent of the respondents are women who handled food at home.

Majority of the respondents are from south India and had small to medium family size. Education and occupation of the respondents plays an important role in consumer behaviour. The highest numbers of respondents are from the category of business (28.23%) followed by other occupation (22.35%) such as marketing executives, actors, accountants, lawyer and so on. Nearly 50 percent of the respondents have completed their graduation and none of the respondents is found to be illiterate.

5.2 Consumption pattern of households

5.2.1 Household consumption expenditure on food.

It is clear from the findings of the study that consumption expenditure on food positively related to income. The average expenditure on generic food products like food grains, meat and meat products, fruits and vegetables and milk and milk products is around Rs.5000. The highest amount is spent on food grains followed by miscellaneous food items. The least expenditure was on fruits and vegetables as most of the consumers have elastic demand for these commodities. The maximum deviation was seen in miscellaneous spending of the households like eating out and other such activities.

In the case of milk and milk products, spending is almost uniform in all income groups except for VHIG which spent above Rs.1300. All other food categories have shown a constant increase with the increase of the income for the reason that consumption pattern of milk and its products was uniform and all the households consumed it irrespective of other consumption habits. This is because milk is a part of diet in south India and is considered as health food.

5.2.2 Details on consumption and expenditure on wheat flour.

The food consumed by urban households included products not only of generic food but also of branded ones. Results of consumption and expenditure show that all households consumed wheat flour. Wheat flour is consumed in high quantity with an average of 5.42 kg per household per month and there is a regular drop in the quantity consumed as income increased. The average consumption of both branded and unbranded wheat flour is more (5.93 kg) in LMIG and the same group spent less on branded foods.

5.2.3 Details on consumption and expenditure on noodles.

Wheat flour is consumed by all the households since it is considered as staple food whereas only 78.23 percent of responded households are consuming noodles. All the quantity purchased is branded. This denotes that noodles as a food product though familiar to Indian families is popular only as branded product. Average quantity of noodles consumed is 0.89 kg which increased as the income of the households increased with a high (1.11 kg) quantity consumed by VHIG.

5.2.4 Details on consumption and expenditure on corn flakes.

Though cornflakes are introduced to Indian market in the recent past, the concept is not new to the Indian households which are already well accustomed to rice flakes. Corn flakes are consumed by 61.17 percent of the households out of the 170 surveyed. It is least consumed among the three products selected with an average of 0.63 kg per month per household but quantity consumed increased as the income of the households increased with a large quantity consumed by VHIG.

5.2.5 Frequency of purchase of branded processed cereal food products

The purchase behaviour of consumers depended upon the nature of commodity particularly in the case of FMCG and consumer durables. In the present study, the frequency of purchase for Wheat flour indicated that nearly 80 percent of the households purchased on a monthly basis followed by fortnightly purchases in 10 percent of households. More than 40 percent of the households bought noodles once in a month. Twice a week and thrice a week purchases are also seen dominant among the respondent households. For corn flakes, one time purchase for whole month is seen in 43.26 percent of the households and 35.57 percent purchasing fortnightly.

5.2.6 Source of information about branded processed cereal food products

Consumers need information about products and services to make a purchase decision. Similarly companies also need wide publicity to pass on product information to target groups for their product promotion. The product information received by the different respondents has been illustrated. The major source of product information to the consumers is from advertisements. In the case of wheat flour it was 52.44 percent, noodles 60.15 percent and 48.07 percent among cornflake consumers.

The second major source of information is friends, relatives and neighbours who together provided information to nearly 35 percent of wheat flour buyers, 20 percent of noodle buyers and 25 percent of corn flakes consumers. It may be noted to have that an average about 12 percent of the households are brought up with the brand. Whereas, in

the case of corn flakes shop influence has a considerable role (22.11%) in providing information about the product.

5.2.7 Period from which the branded processed cereal food products are being used

The food processing industry In India is in its infant stage. In the study the duration of usage of branded food indicates that 83.91 percent of the samples households are using wheat flour since more than 3 years. More than 80 percent of the sampled households are using noodles for more than 3 years, about 15 percent from 2-3 years. More than 50 percent of the households are consuming cornflakes for more than 3 years, 25 percent from past 2-3 years and remaining 25 percent of the households have started consuming corn flakes recently.

5.2.8 Distribution of buying decision makers of food products across income groups

The food preparation in Indian households is mainly the job of women. Trend in the buying decision is analysed across the income groups, which shows that in 54 percent of the households housewives make buying decisions followed by husbands' decisions in nearly 20 percent of the households. In nearly 10 percent of the households buying decision is taken jointly by both husband and wife. Where as in VHIG, others (28.57%) namely the house keepers and maids at home make the buying decision.

5.3 Factors influencing consumption pattern of branded food products

The different product features have appeal and attraction to different consumers. Factor analysis is employed to identify the important factors influencing the consumption pattern of branded

processed cereal food products. The findings of the study indicate that the factors contributing for purchase was mainly high quality standards and attractive brand image developed by companies. Only these two factors contribute for more than 50 percent of the buying decision. Health consciousness of the consumers adds another 15 percent to the buying decision and price of the product also influenced a considerable number of consumers. All the factors explain about 81.67 percent of the variance.

These findings are further substantiated by factor loadings of each variable using rotated factor matrix.

5.4 The brand loyalty and switching pattern for branded food.

The main motto of any company is to maximise the profit which is possible by maximizing the sales. In other words the firm should see that it attracts new consumers apart from keeping the existing consumers satisfied. Building loyalty towards the brand is very important. However loyalty will not be 100 percent since consumers are prone to tryout new brands because of product promotion, advertising, discounts, dissatisfaction in price, quality and so on.

It is necessary to have the information about loyalty and switching pattern for a firm, in order to aid in modifying marketing strategies. The brand loyalty and switching pattern for wheat flour and noodles are examined and results are furnished in tables 4.14 and 4.15.

5.4.1 Wheat Flour

All the brands including unbranded Wheat flour is considered for knowing the loyalty and switching pattern. It is found that highest brand loyalty exists in Aashirvaad brand (83.4%) followed by

unbranded wheat flour category with 81.2 percent loyalty. The degree of loyalty to annapurna and Pillsbury are 76.9 and 72.9 percent respectively. Market leader Aashirvaad gained maximum share from unbranded sector and lost maximum to Pillsbury. It is the only brand which did not lose its market share to unbranded wheat flour.

It indicates that even though Aashirvaad is the market leader it has competition from Annapurna and Pillsbury. It could not completely monopolize the market. It suggests that branded segment is failing to hold back its consumers and there is a constant drift of consumers towards other brands.

5.4.2 Noodles

All the brands of noodles are considered for knowing the loyalty and switching pattern. Maggie is the brand with top brand loyalty (82.9%) followed by others brands such as wai wai, ching's secret etc with about 81.9 percent loyalty. Top Ramen has about 79.9 percent of the brand loyalty. Market leader Maggie is losing its 15.4 percent of market share of to Top Ramen.

It indicates that even though Maggie is the market leader it has strong competition from Top Ramen. Thus, these firms need to concentrate on the preferences of consumer shifting to other brands.

5.4.3 Corn flakes

The important finding of the study is that there is no shift in brands for corn flakes and 100 percent loyalty to Kellogg's brand is observed.

5.4.3 Reasons for shift in branded processed cereal food products.

The shifting of brands is a common phenomenon in branded food products. However the need of the marketers is to know the reasons for switching from one brand to another.

Wheat flour

A careful examination of the reasons for disloyalty in the case of wheat flour shows that, quality of the product is the major factor (31.12%) contributing to switch. Both taste and advertisement of the product has an influence on shift to an extent of 17 percent each. Other factors like colour of the flour, market dominance of the brand, status symbol, increased shelf life, smoothness in the rotis, whim and family and friends has negligible influence on switching.

The observations are in line with the research conducted by Venkateshan (2003) where the consumers indicated high quality of the product was the reason for their preference of a particular brand.

Noodles

Majority (37.68%) of the consumers are influenced by taste of the product, followed by Advertisement and quality which played an important role on switching to the extent of 24.63 percent and 18.11 percent respectively.

These results are similar to the study conducted by Shaw (1993) who showed that easy availability, taste and advertisements of the processed products were key factors influencing the popularity of a brand.

5.5 Market share of various brands.

The ultimate objective of every brand manager is to become a market leader in the category of product they deal with.

5.5.1 Market share of wheat flour.

The observation on market share of different brands of wheat flour during the study period in Bangalore revealed that Aashirvaad topped with 41.17 percent of the households buying it. Brands like Annapurna and Pillsbury enjoyed 24 and 17 percents respectively. Unbranded wheat flour shared about 16 percent of the households sampled.

By using the Markov Chain it is projected that market share of Aashirvaad from May to August 2007 would reduce by nearly 4 percent. Annapurna would reduce by 5 percent. Pillsbury, others and unbranded wheat flours would gain a market share of 3 percent each.

5.5.2 Market share of noodles.

In the case of noodles Maggie is the market leader with 81.20 percent. Top Ramen has 16 percent of the market share among the sampled households followed by 3 percent of other brands. It is projected by analyzing the data that Maggie is going to lose 5 percent of the market share whereas Top Ramen and other brands would gain.

It is evident from the results of the study, that the market share in terms of both number of households buying the product and the quantity of their purchase do not vary much. There is a slight difference of 1 to 3 percent in both wheat flour and noodles which is very negligible.

5.5.3 Market share of corn flakes.

Corn flakes are purchased by 104 households out of 170 sampled, which accounted for around 61.17 percent of the total households. Kellogg's has monopolized and has acquired the entire market share among the sample. There are a few local brands in the case of corn flakes but has very negligible number of consumers in each. This is attributed to the brand image of Kellogg's in the market which attracted major market share.

These observations are in line with the study conducted by Kumar et al (1987) who examined the factors influencing the buying decision in making in which the brand image seemed to be more important than the origin of the product, since the consumers are attracted to the brands and nothing beyond.

5.5.4 Identifying the product mix.

The display of stocks at retail outlet is a critical point-of-sales advertisement to all the brands. The competition among brands to occupy the prime place in the retailer's shelf is very high and costly as well. Turf analysis provides a clear-cut picture about the product line combinations to be used in order to make it reach maximum number of households.

Wheat flour

From analysis, it is clear that, if the shelf place is the limiting factor in the retail outlets, the most optimum combination of wheat flour brands to be maintained in the retail outlet are three, with Aashirvaad, annapurna and Pillsbury. The unduplicated reach with these 3 brands is 81 percent.

The maximum reach with all the 5 brands is 82 percent. Now we need to know whether it is worth maintaining extra 2 brands to increase just 1 percent of the reach.

Noodles

The study revealed that that the optimum combination of noodles brands to be kept in the retail outlet are only Maggie and Top Ramen since they have 85 percent of unduplicated reach.

The total reach with all the given brands is 87 percent. Here we need to think about the total number of consumers they attract, before adding these 3 extra brands into the retail outlets.

Corn flakes

The most dominant brand in the case of corn flakes being Kellogg's which has many different flavours which compete with each other. The flavours analysed for optimum product mix furnishes that maximum reach can be achieved with honey, real iron, strawberry and banana with a total 72 percent of reach.

The cumulative reach with 8 flavours of Kellogg's is 73 percent. Now the question is whether it is economical to maintain 5 extra flavours to increase the consumer base from 72 percent to 73 percent.

5.6 Product promotion and retail management strategies of ITC

ITC is one of India's foremost private sector companies with a market capitalisation of over US $ 14 billion and a turnover of US $ 3 billion. ITC is an outstanding market leader in its traditional businesses of Cigarettes, Hotels, Paperboards, Packaging and Agri-Exports, it is

rapidly gaining market share even in its nascent businesses of Branded Apparel, Greeting Cards and Packaged Foods & Confectionery.

The company is upbeat on its new businesses because the Rs 6,170 crore of ITC Ltd's cigarette business is under threat from various sides. Growing awareness on the ill effects of smoking and the government-imposed ban on tobacco advertising are leading to stagnation in sales. But with a cash generation of close to Rs 1,600 crore a year, the company has diversified into newer areas. Branded and packaged foods is only 8 per cent of a total food market worth a staggering Rs 5, 00,000 crore. It is also growing for two main reasons: population growth and improvement in consumers' spending ability.

Sourcing of wheat

Farmers cultivate wheat across several agro-climatic zones in India and consequently produce varying grades of the grain. The traditional wheat procurement and handling system does not efficiently match the quality of produce with the specific needs of different markets. With the introduction of e-Choupal, the situation is changing. ITC leverages its comprehensive proprietary knowledge base of consumer behaviour and customized product development to link the farmers' produce to appropriate consumer segments. No other packaged foods company in the country today has such identity to source these raw materials — where you know exactly which village it came from — as ITC does. That gives them an enormous advantage.

Product promotion

Consumer promos are best run when the promo is mentioned on the pack. If it is not mentioned it may not reach the consumers. It may not be a monetary gain to the retailer; it is because of sheer laziness of the retailer. ITC will make sure that the promos are best run by making

it possible in both trade and consumer level. ITC has earmarked 20 percent of its sales for product promotion.

Advertisement

The Foods business voluntarily follows the ASCI (Advertising Standards Council of India) Code for all Marketing Communication. Advertisement cost and sales are not directly correlated. Sales are influenced by a complex set of events namely trade schemes, competition, promos, time of year, trend line, similarity factor etc... These events are neither constant nor equal as a result of which sales can never be predicted.

There is no much advertisement in North India as atta is a staple food product and people go by inertia and experience no matter how strong its market share and advertisement are.

With the backing ITC's huge kitty of cash, every one expected that foods division to splurge money in advertising and promotion. In fact, each of ITC's diversifications, including foods, works on a SBU (separate business unit) concept and has to generate its own capital within the targeted time frame.

Position of ITC atta

Aashirvaad occupies the number one place in Indian market, which is backed up by A C Nielson's market research data and the data from the manufacturers. Shakti Bhog is the major competitor for Aashirvaad atta occupying 30 percent of the market share, there are different brands competing with Aashirvaad in different markets.

Distribution and retailing

ITC has a huge distribution chain for its Aashirvaad atta and other FMCG products with 1.5 tobacco retailers and 3, 50,000 Kirana stores. About 15 percent of the wheat flour is distributed through e-Choupals. Since ITC maintains different blend of atta to different markets, the margin to the retailers varies from one geographical location to other. It does business only with distributors and directly with Reliance and Metro. The transport cost is completely borne by the distributor or the company itself. There is a very strong team for customer complaint readdressing which works effectively round the clock through toll free numbers and e-mails.

Summary

Chapter VI

SUMMARY

The topic of brand preference has drawn substantial attention in the recent years as a field of study. It is a dynamic field and many facts are yet to be uncovered. Consumers today are well aware of the various brands in the market and are conscious of the products they use or consume. They pick and choose carefully according to their needs, life styles and preferences and are well informed because they are exposed to TV commercials, bill boards, logos and product promotions.

The brand preference in Fast Moving Consumer Goods is largely influenced by a number of factors such as advertisement, price, quality, performance and the like. These factors play a vital role in the decision making process and in the brand preference.

A study on consumer preference for branded cereal food products was conducted to know the factors contributing for purchase, loyalty and switching pattern and also to know the perception of consumers about branded food products and unbranded ones.

The objectives of the study were,

1. To study the factors influencing consumption pattern of branded processed cereal food products in Bangalore.
2. To study the brand loyalty and switching pattern for branded processed cereal food.
3. To estimate the market share of various brands.
4. To study product promotion and retail management strategies of processed cereal food products.

The study was conducted in Bangalore city because of its cosmopolitan nature which gives a wide scope for studying the consumption pattern of these branded food products. Convenient sampling method was adopted to select the respondents. The sampling was done in different localities of Bangalore to get a diversification in the sample mainly based on region, per capita income and social class. A total of 170 respondents were interviewed.

Primary data regarding socioeconomic characteristics was collected by personally interviewing the respondents using a structured questionnaire. Data regarding product promotion and retail management strategies of ITC were collected from the Assistant Marketing Manager of ITC.

The sample was post classified into six income groups namely, Low Income Group (LIG), Lower Middle Income Group(LMIG), Middle Income Group(MIG), Upper Middle Income Group(UMIG), High Income Group(HIG), Very High Income Group(VHIG) to facilitate easy computation of the results.

The sample which was post classified according to the income group included 63 households of MIG followed by 42 households who belong to LMIG, 37 coming under UMIG, 13 under HIG, 8 under LIG and 7 households belonging to VHIG.

The summary of the salient features of study is as follows,

Socio economic profile of the respondents.

The average family size for the sample was 4 members of which children constituted 1 or 2. This number is usually found in nucleus families which strengthen the view that major families in urban areas are

nucleus. The average number of people employed in each family was 1.75 with an overall per month average expenditure on food amounting to Rs. 5000, and Rs. 1000 was spent on branded food products.

The different characteristics comprised of maximum women (70%) as they played the key role in household management. Most of the respondents were below 35 years of age. All the respondents were found literates with nearly 50 percent being graduates. It was evident that as the income increased the amount spent on food also increased.

Details on consumption and expenditure of branded cereal food products.

The consumption pattern of Wheat Flour, Noodles and Corn Flakes by sample households indicated that, Wheat Flour was purchased by all the sample households in Bangalore city followed by Noodles (78.23%) and then Corn Flakes (61.17%).

The branded food products are normally costlier than unbranded ones. Income of the households influences the choice for branded products. The findings of the study reveal that as the income of the family increased, there was a shift in demand for food products from unbranded to branded ones. The quantity consumed by a family depended on various factors like the traditional eating habits, number of members in the family, income..... etc. There was a continuous decrease in quantity consumed of wheat flour as the income of the households increased. But it was vice versa in case of noodles and cornflakes where the quantity consumed increased as income increased.

The high percentage of people buying branded processed food products was an indication of more and more people opting for branded version of traditional Indian food. This indicated the emerging trend in

the consumer market where consumer prefers quick and easy to cook ready made foods like noodles and corn flakes as their income increased. Even though cornflakes were introduced to Indian market in the recent past, it is gaining momentum.

An examination of frequency of purchase of branded food products shows that in the case of FMCG, the urban consumer bought the product once in a month followed by fortnightly purchase.

Advertisement played a major role in providing source of information about branded processed cereal food products. This was followed by neighbours, friends and relatives who provided considerable amount of information.

Indian consumers are known to use branded foods for the past few years and hardly about 10 percent of the foods are being processed. The findings of the study are in tune with these economic indicators. The majority of the households were using branded cereal food products for more than 3 years which is followed by 2 to 3 years of usage.

Women played an indispensable role in making decisions regarding purchasing of branded food products as reflected as 54 percent of the women took buying decision independently. This was followed by the decisions of the husbands (33%). It clearly indicated that food industries had to focus on attracting housewives to purchase their product.

Factor influencing preference for branded food products

The findings of the study indicated that the factors influencing the consumption behaviour of branded cereal food products were high quality standards of product, brand consciousness, health consciousness and price of the product. This was supported by the

rotated factor loading matrix which gave details about its significance. In the scree plot the factors which fall before the curve becomes flat are considered.

The brand loyalty and switching pattern for branded processed cereal food products.

The consumers have the habit of shifting brands and the degree of loyalty was tested by observing Transitional probability matrices using Markov Chain analysis. It shows satisfactory level of brand loyalty among consumers for food products. The degree of loyalty was highest in Aashirvaad (83.4%), Maggie (82.9%) and Kellogg's (100%).

Even though there is an accountable degree of loyalty in the food sector, a small degree of switching is also seen. It is mainly because of quality, advertisement, taste and other reasons such as price, special promotions, and children choice.

Market share of various brands.

The shrewd marketing strategies and hard work can make a company market leader with highest market share. However retaining the market share is the toughest job. The high market share of Aashirvaad is attributed to product quality. The high market share of Maggie may be mainly due to its early entry and the long innings it has played in the market. The dominance of Kellogg's is attributed to its brand image.

Product mix

The owners of retail outlets can restrict the number of brands to be stored in shelves by which he can accommodate other product in the limited space. TURF Analysis is very useful for market research, especially when there is a need to maximize the total number of

consumers with fewer stockings. The possibility of satisfying more consumers in this era of brand driven consumption can be achieved in case of wheat flour with the combination of Aashirvaad, Annapurna and Pillsbury.

In the case of noodles, Maggie had the highest reach to the consumer. However sales can be maximized by adding Top Ramen to shelves of the retailer.

Among Kellogg's about 4 flavours can be kept in a retail outlet namely, honey, real iron, strawberry and banana. Any extra addition of brands will not attract higher sales of Kellogg's.

Product promotion and retail management strategies of ITC

ITC is working on a model different from its competitors. What is different at ITC though, is its ability to leverage its e-Choupals as a pragmatic rural supply chain system. But the market is too big for anyone to worry about competition. The packed food market in India is still at a very nascent stage as only 5 per cent of the food market is packed and branded. So we have a mind boggling 95 per cent of the food market as our playing field.

Conclusions

1. The selection of sample was based on convenient sampling method where 70 percent of respondents were women. This will reflect the role of women in Indian kitchens and their decisive role in the Indian kitchen.
2. The market leaders in wheat flour and noodles need to refocus their strategies to retain the market share in near future because of tough competition from their nearest rivals.

3. The companies of wheat flour should focus on quality of the product and wide advertisement to avoid switching, because consumers are found to shift from one brand to other searching for better quality and seeking information through advertisement.
4. The manufacturers of branded food should adopt aggressive advertisement strategies to reach to the maximum number of customers as advertisement is the major source of product information particularly when new brand is introduced or when the companies entering the food processing industry for the first time.
5. The factors from the variables which influence the consumers for buying branded processed cereal food products were quality, brand consciousness, price consciousness, health consciousness, advertisement, influence by others and packing.

Policy implications

1. The present day study indicates that consumer choice for processed food products is increasing in recent past. The government should encourage food processing industry with twin objectives of encouraging food preservation, value addition and satisfying changing consumer goods, particularly to urban consumers.

2. There is a scope for expanding the processed food market based on consumer demand. Indian kitchens are known for their ethnic food concept with diversified taste from Bengal to Kerala and Kashmir to Kanya Kumari. The success story and brand preference of noodles and corn flakes is the example of wise adoption of Indian version of food in a modified attractive branded format. It should be extended to other category of foods also as there is no scarcity for variety in Indian food.

3. The government should bring down the tax on packaged food or should give tax holiday for the processed food firms at least for 5 to ten years so that the prices can be brought down and the firms are able to tap the potential in the rural market.

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Chapter VII

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Appendices

Department of Agricultural Marketing and Cooperation
UAS Bangalore

Research Topic: Consumer Preference For Branded Processed Cereal Products

Name of the researcher: Vinod Lobo

Date: _____

1. **Name** : _____

2. **Locality** _____ 3. **Age**: _____ yrs
4. **Sex**: Male/ Female 5. **Education:** _____years of schooling
6. a. **Main occupation:** _____
   b. **Other occupation**: _____

7. **Annual income (in Lakhs):**<2 / 2-4 / 4-6 / 6-8 / 8-10 / >10
8. **Family composition**

	Age (yrs)	M/F	Occupation
Adults			
Children			

9. **Food habits**: Vegetarian / Non-vegetarian

10. **Domicile status**: North Indian / South Indian

11. **Monthly Expenditure on food:**

Food grains	Meat n' meat products	Milk and dairy products	Fruits and vegetables	Bakery products	Miscellaneous
Rs	Rs	Rs	Rs	Rs	Rs

12. **Monthly Expenditure on Branded processed food**: Rs _____
(Jam, Pickle, Masala powders, Juices …etc)

13. **Monthly expenditure on selected Branded processed cereals**:

Product	Quantity purchased	Expenditure	Brand purchased	How did you come to know about the product
Wheat flour				
Corn flakes				
Noodles				

14. **Who makes buying decision in the family**: _____

15. **If you are allowed to buy three of the fallowing brands which one would they be**

Wheat flour	Yes/No	**Corn flakes**	Yes/No	**Noodles**	Yes/No
Annapurna		Kellogg's(almond)		Maggie	
Ashirwad		Kellogg's(banana)		Top Raman	
Pillsbury		Kellogg's(strawberry)		1 to 3	
Shakthi Bhog		Kellogg's(honey)		Ching's secret	
Athulya		Kellogg's(mango)		Wai Wai	
Others (specify)		Kellogg's(chocosmacks)		Others	
		Kellogg's(original iron)			
		Kellogg's(froot loops)			

16. **Interval of purchase of branded processed food**

Product	Weekly	Twice a week	Thrice a week	Fortnightly	Monthly
Wheat flour					
Corn flakes					
Noodles					

17. **How frequently you change the brand**

No change/ every purchase/ 3 months/ 6 months/ 1 year/ Whenever new brand is introduced

18. **Have you shifted from one brand to other if yes**

Product	Previously used brand	Currently using brand	How many brands you have personally used	Two important reason for shifting
Wheat flour				
Corn flakes				
Noodles				

19. **Since how many years you are using....**

Product	<1 month	1-6 months	6months -1yr	1-2 yrs	2-3 yrs	>3yrs
Wheat flour						
Brand						
Corn flakes						
Brand						
Noodles						
Brand						

20. **Please indicate your agreement with each of the following statements**

I BUY BRANDED PROCESSED PRODUCTS BECAUSE	Strongly agree	Agree	Can't say	Disagree	Strongly disagree
Precise in nutrient information					
Easy to prepare(time saving)					
It is healthy					
Using branded products is Status symbol					
The advertisement is believable					
The ad's message is relevant to me.					
Branded products assures quality					
Foods stay fresh for long					
Superior than unbranded products					
It has cosmopolitan appeal					
Ingredients are displayed on the pack					
Children love branded food					
I can shop according to my needs					
It is made precisely as per the requirements					
Packing is good and hygienic					
I can choose from many flavors					
Fortified with extra vitamins					
Feels full for long					
No adulterations					
Products are semi prepared					
Prepared out of choice ingredients					
Goodness of whole grain is preserved					
Available in various packs to suit my needs					
Recognized brands are trustworthy					
I'm brought up with the brand I'm using					
I buy because it is well recognized					
It fits my budget					
Good for whole family					
Avoids cumbersome process					
Good value for money					
I get influenced by children and other family members to buy					
This purchase was not planned, but the products caught my eye in the store					